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China

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Daily Report China

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General

Reportage on, Reaction to GATT Talks' Failure

Reentry Talks 'Not Concluded'

OW2012152694 Beijing XINHUA in English 1522
GMT 20 Dec 94

[FBIS Transcribed Text] Geneva, December 20 (XINHUA)—Substantive negotiations on China's re-entry into the world trade body GATT were not concluded at the 19th session of the GATT Working Party on China, which closed here today.

The failure to achieve a consensus on concluding the negotiations, a senior Chinese official said, is due to the blockade by, and "excessive demands" from a few contracting parties and a lack of sincerity of these parties.

Speaking at today's meeting, Gu Yongjiang, Vice-Minister of Foreign Trade and Economic Cooperation, reiterated that it is reasonable for his country to set year-end as the deadline for concluding the negotiations.

Pierre Girard, chairman of the Working Party on China, told the meeting that he would convene another session early next year.

He expressed his hope that all parties would show maximum flexibility so that China can enter the General Agreement on Tariffs and Trade, which is to be replaced by the World Trade Organization (WTO) in coming January.

MOFTEC Expresses 'Deep Regret'

OW2012170894 Beijing XINHUA in English 1655
GMT 20 Dec 94

[FBIS Transcribed Text] Beijing, December 20 (XINHUA)—China expressed its "deep regret" over the failure of the 19th meeting of the GATT Working Party on China to conclude substantive negotiations on China's re-entry into the General Agreement on Tariffs and Trade (GATT), before the founding of the World Trade Organization (WTO).

A spokesman for China's Ministry of Foreign Trade and Economic Cooperation (MOFTEC) made this statement here tonight, immediately following the close of the 19th meeting of the GATT Working Party on China, which ended in Geneva today and failed to reach a consensus in concluding the substantive negotiations on China's re-entry into GATT.

It is known to all that China has made every effort in accordance with its current economic development level, since the country applied to re-join GATT eight years ago, the spokesman said.

He pointed out that after more than a decade of reform China's foreign trade system has become consistent with the principles outlined in GATT. The conditions of China's re-entry into GATT are fully "ripe", which

constitutes the most important reason why China's re-entry into GATT has gained extensive support, he added.

During the period when China conducted the negotiations for its GATT membership, it fully participated in the Uruguay Round of multilateral trade negotiations and signed the "Final Act of the Uruguay Round" and the agreement on the World Trade Organization, said the spokesman, stressing that "this totally demonstrated the sincerity of China's full commitment to the global multilateral trade system".

But a few signatory parties, from political motives, ignored all these facts and the various efforts that the Chinese delegation has made in the past month to end the negotiations, the spokesman noted. "They openly broke their promises of 'staunch support' for China's resumption of its status as a signatory party to GATT, and put forth excessive demands, in a bid to obstruct the process of China's re-entry into GATT, which prevented the meeting reaching a consensus on ending the substantive negotiations on China's re-entry into GATT.

"This is a reflection of a completely high-handed act in the arena of multilateral trade," he said.

China expresses its indignation over such obstruction, which has seriously undermined the general principles of the multilateral trade system and the normal order of multilateral trade negotiations, he said. Meanwhile, China is worried about whether the future World Trade Organization will be able to break away from the unbridled interference of a few parties, said the spokesman.

China, a rising major trading country in the world, is willing to make more contributions to the promotion of world trade, the spokesman said. Yet, it has to reaffirm that before the restoration of its position in GATT and before it becomes a founding member of the WTO, it is impossible for China to fulfil the commitments it made during the talks, nor the obligations stipulated in the Final Act of the Uruguay Round since it is unable to enjoy its due rights.

The first and most important principle China must follow during the GATT access talks is to maintain the balance between rights and obligations, the spokesman said. China has never yielded, and will never yield, to any outside pressure when it comes to issues concerning the nation's fundamental interests, he stressed.

China's requirement to re-join GATT and become a founding member of the WTO sprang from its implementation of the policy of reform and opening up, he noted, adding that China will stick to the policy of reform and opening up, continue to expand co-operation in economy and trade with all countries and make greater contributions to the world economy and trade, no matter when it becomes a WTO member.

More on MOFTEC

OW2112014794 Beijing XINHUA Domestic Service in Chinese 1646 GMT 20 Dec 94

[FBIS Translated Text] Beijing, 20 Dec (XINHUA)—A spokesman for the Ministry of Foreign Trade and Economic Cooperation [MOFTEC] issued a statement here today in connection with China's GATT re-entry. The main points of the statement follow:

The 19th meeting of the GATT Working Party on China ended in Geneva on 20 December. The meeting failed to reach a consensus in concluding the substantive negotiations on China's re-entry into GATT prior to the establishment of the World Trade Organization [WTO].

It is known to all that China has made every effort in accordance with its current economic development level, since the country applied to rejoin GATT eight years ago. After more than a decade of reform, China's foreign trade system has become consistent with the principles outlined in GATT. The conditions of China's re-entry into GATT are fully ripe. This is the most important reason why China's re-entry into GATT has gained extensive support.

While conducting the negotiations for its GATT re-entry, China fully participated in the Uruguay Round of multilateral trade negotiations, and signed the "Final Act of the Uruguay Round" and the agreement on the WTO. This has totally demonstrated China's sincerity in committing itself fully to the global multilateral trade system.

However, a few signatory parties, out of political motives, ignored all these facts, and even disregarded the efforts the Chinese delegation has made in the past month to complete the negotiations. They openly broke their promises to "staunchly support the resumption of China's status as a GATT signatory," and made excessive demands in a deliberate attempt to obstruct the process of China's re-entry into GATT, thus preventing the meeting from reaching a consensus on ending the substantive negotiations on China's re-entry into GATT. This fully reflects a high-handed act in the arena of multilateral trade [zhe wan quan shi ba dao xing jin zai duo bian jing mao ling yu zhong de fan ying 6638 1346 0356 2508 7218 6670 5887 1777 0961 1122 6708 4842 6319 7325 1008 0022 4104 0646 2503]. China is indignant about such obstruction, which has seriously undermined the general principles of the multilateral trade system and the normal order of multilateral trade negotiations. Meanwhile, China is worried about whether the future WTO will be able to break away from the unbridled interference of a few parties. China, as a rising, major trading country in the world, is willing to make more contributions to the promotion of world trade. Regrettably, however, we have to reiterate that before the restoration of China's position in GATT and before China becomes a founding member of the WTO, it will be impossible for China to fulfill the commitments made

during the talks, nor the obligations stipulated in the Final Act of the Uruguay Round, because it is unable to enjoy its due rights.

The first principle China must follow during the GATT re-entry negotiations is to maintain the balance between rights and obligations. China has never yielded, and will never yield, to any outside pressure when it comes to issues concerning the nation's fundamental interests.

China's demand to rejoin GATT and become a founding member of the WTO springs from its need for reform and opening up, and China will stick to the policy of reform and opening up, continue to expand its economic and trade cooperation with all countries on an equal and mutually beneficial basis, and contribute its share to the world's economic and trade development, no matter when it becomes a WTO member.

Vice Minister Views 'Failure'

OW2012174094 Beijing XINHUA in English 1722 GMT 20 Dec 94

[FBIS Transcribed Text] Geneva, December 20 (XINHUA)—Substantive negotiations on China's re-entry into the world trade body GATT were not concluded at the 19th session of the GATT Working Party on China, which closed here today.

The failure to achieve a consensus on concluding the negotiations, a senior Chinese official said, is due to the blockade by, and "excessive demands" from a few contracting parties and a lack of sincerity of these parties.

Speaking at today's meeting, Gu Yongjiang, Vice-Minister of Foreign Trade and Economic Cooperation, reiterated that it is reasonable for his country to set year-end as the deadline for concluding the negotiations.

"It is entirely because of their political consideration and lack of sincerity that a few contracting parties deliberately obstruct the negotiation process by making excessive demands," Gu explained.

For the past three weeks, the Chinese delegation has been involved in negotiations with many contracting parties on market access and the protocol for the resumption of China's GATT status.

Gu said, "During the past month, in order to bring the substantive negotiation to a successful conclusion, the Chinese delegation made tremendous efforts and showed maximum flexibility."

Speaking at the meeting, Pierre Girard, chairman of the Working Party on China, told the meeting that he would convene another session early next year.

He expressed his hope that all parties would show maximum flexibility so that China can enter the General Agreement on Tariffs and Trade, which is to be replaced by the World Trade Organization (WTO) in January.

Gu said, "I would like, on behalf of the Chinese government, to solemnly declare that China will not initiate any bilateral consultations and meetings of the Working Party on China."

However, he added that his country will participate in Working Party sessions at the request of the Chairman of the Working Party, but will "maintain the substantive offers on market access and the principle position on key provisions of the Protocol."

As a result of delaying tactics and frustration of a few major parties, Gu said, "the principle of the universality of the multilateral trading system has been seriously undermined, the normal order for multilateral trade negotiations disrupted, which prevents China from implementing the commitments already undertaken in its GATT resumption negotiation."

That has also damaged the interest of other contracting parties.

"The Chinese government has the legitimate concern about whether the future WTO will be able to get rid of such arbitrary interference by few members," Gu added.

He reiterated that "China will never accept any discriminatory terms and conditions for its GATT resumption."

"China is a developing country with a huge population, low per capita income and weak economic foundation, therefore, China will never accept any unrealistic and excessive demands beyond the extent that our economy can accommodate," Gu added.

"China will be a member of the WTO. This is not only the desire of China but also the wishes of the vast majority of contracting parties."

"To exclude China, a rapidly expanding developing economy with a population of 1.2 billion from the WTO is unjust, and without China's participation, the principle of broad representation and smooth functioning of the organization would be impaired," he continued.

China fully participated in the Uruguay Round multilateral trade negotiations and signed the Final Act and the Agreement on establishing WTO.

China began to apply to re-enter into GATT in 1986.

Gu said that it is "only fair, natural and reasonable" for China to request the conclusion of the substantive negotiation before WTO enters into force.

"This is conducive not only to China, but also to GATT contracting parties and WTO members," Gu stressed.

"China will, on the basis of equality and mutual benefit, continue to expand bilateral economic and trade cooperation with other countries and regions around the world," he said, but adding "China will proceed with its reform and open-up according to its own timetable."

"China will formulate its industrial policies and implement the tariff and non-tariff measures necessary in light of its own domestic situation and the needs of economic development," he said.

Deplores Talks' Result

OW2112072994 Beijing XINHUA Domestic Service in Chinese 1744 GMT 20 Dec 94

[FBIS Translated Text] Geneva, 20 Dec (XINHUA)—The 19th meeting of the GATT Working Party on China ended in Geneva on 20 December. The meeting failed to reach an agreement on China's reentry into GATT because of a lack of sincerity, deliberate obstruction, and excessive demands by a few contracting parties. Gu Yongjiang, head of the Chinese Government delegation to the meeting and vice minister of foreign trade and economic cooperation, reiterated at the meeting: The basic principle for China's reentry into GATT is to balance rights and obligations. As a developing country, China can only undertake corresponding obligations specified in the Uruguay Round agreement. China will never rejoin GATT at all costs, nor will it accept any conditions that exceed its economic capability and harm its fundamental interests.

Prior to today's meeting of the Working Party on China, the Chinese delegation had held more than three weeks of consultations—from 28 November to 19 December—with many contracting parties on access to its markets and on the protocol for its reentry into GATT.

During the formal meeting this afternoon, Pierre Girard, chairman of the GATT Working Party on China, summed up the progress made so far in the negotiations. He said that major progress had been made in the negotiations thanks to the joint efforts of China and the contracting parties; however, he would continue to convene sessions of the GATT Working Party on China early next year because all the business related to the negotiations had not yet been concluded. He expressed the hope that all parties would show maximum flexibility and conclude the negotiations as soon as possible so that China can join the World Trade Organization [WTO].

After Chairman Girard's summary report, Gu Yongjiang, head of the Chinese Government delegation to the meeting, solemnly declared at the meeting: In light of the major efforts made by China over the past eight years or so to resume its status as a GATT contracting party, including its full participation in the Uruguay Round of negotiations, and its signing of the "Final Act" and the agreement on establishing the WTO, it is only fair, reasonable, and logical for China to propose that the substantive negotiations on its GATT reentry be concluded before the year's end so that it will become a founding member of the WTO, which will be established on 1 January next year. This is conducive not only to China but also to GATT and WTO members.

Gu Yongjiang said: "Over the past month, the Chinese delegation has devoted tremendous efforts to concluding

the negotiations. The current meeting has failed to reach a consensus on concluding substantive negotiations on China's reentry into GATT, however. This is entirely a result of deliberate obstruction, a lack of sincerity, and excessive demands on the part of a few contracting parties acting out of political necessity. The current reductions and concessions offered by China constitute the maximum efforts it can exert in accordance with the economic development level of a developing country. The stalling and obstruction of the process of negotiations by a few major parties has seriously undermined the principle of the universality of the multilateral trading system and the normal order for multilateral trade negotiations. It has also prevented China from implementing the commitments already undertaken in the negotiations on its GATT reentry, and harmed the interests of other contracting parties. The Chinese Government is worried about whether the future WTO will be able to break away from unbridled interference by a few members."

Gu Yongjiang reiterated: "China will never accept any discriminatory conditions for its GATT reentry. As a developing country, China cannot accept excessive and unrealistic demands that exceed its economic capability."

He said: "It is not only the desire of China, but also the wish of the vast majority of the contracting parties, that China becomes a WTO founding member. This is because the exclusion of China, a country with a population of 1.2 billion, from the WTO is unfair, and will necessarily impair the organization's representativeness and smooth functioning. We solemnly declare: Before China is readmitted to GATT and becomes a WTO founding member, China will not be able to enjoy its due rights. China, therefore, will not be able to fulfill the obligations it undertook during the negotiations on its GATT reentry and the Uruguay Round of negotiations."

In closing, Gu Yongjiang stated clearly: If the question of readmitting China into GATT cannot be resolved by the year's end, China will not request on its own any bilateral consultations and meetings of the Working Party on China. If the chairman of the GATT Working Party on China invites us to attend the working party's meetings, we can only undertake obligations commensurate with a developing country as specified in the Uruguay Round agreement. As before, China will actively expand economic cooperation and trade with other countries and regions in the world on the basis of equality and mutual benefit. Its program of reform and opening up will continue, but it will proceed according to China's own timetable. China will formulate its own industrial policies in light of its national conditions and the needs of economic development, and will implement various tariff and nontariff measures as necessary.

Central Bank Comments

OW2112101294 Beijing XINHUA in English 0946
GMT 21 Dec 94

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—A top Chinese financial official said here today

that the failure in the negotiations on China's re-entry into the GATT will not affect the country's continued efforts to reform and open up its financial system.

"China will by no means slow down its pace of financial reform just because of the failure in the talks on China's re-entry into the GATT," Chen Yuan, Vice-Governor of the People's Bank of China, told a press conference here today.

"The financial reform, including opening-up," he stressed, "conforms to the orientation of China's economic development and economic reform and fall in with the long-term objectives of the establishment of a socialist market economy."

The 19th session of the GATT Working Party on China ended in Geneva yesterday without achieving consensus on China's re-entry into the GATT.

China will step up efforts to make Renminbi (the people's currency) convertible, said Chen.

Earlier this year, financial authorities set the objective of realizing full convertibility of Renminbi by the year 2000.

The foreign exchange reform conducted this year has removed many restrictions on foreign exchange control over trade and made Renminbi convertible conditionally in current account.

"With the development of the domestic economy and foreign exchange reform," he noted, "the control over individual's purchase of foreign exchange for non-trade purpose will also be relaxed."

The press conference was jointly given by Chen Yuan and Joseph Yam, Chief Executive of Hong Kong Monetary Authority (HKMA), following their talks this morning on maintaining the stability of Hong Kong's financial system and its status as the regional financial center during the running-up to the year 1997.

Chen pledged continued PBC's support to the HKMA's efforts to stabilize the regional financial and banking system and maintain Hong Kong's status as the world's financial center.

PBC will support HKMA's role as the central bank in the region and ensure that its independence in monetary policy will remain unchanged after 1997.

"PBC does not have the intention of opening any branch in Hong Kong," stressed Chen.

During this morning's talks, the two sides agreed to connect their real-time computer settlement systems by 1996 as one of the substantial moves in their cooperation.

A special work group will be set up to start regular discussions on detailed arrangements and the timetable in this regard.

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Mr. Chen said that PBC welcomes Taiwan's banks to open their agencies or branches in the mainland and that he is willing to discuss the matter with Taiwan authorities.

"But the fact is that Taiwan banks has not up till now got the permission from the Taiwan authorities," he said. "We feel regret about it."

HKMA's four-member delegation is to wind up their visit to the mainland tomorrow.

China Concedes GATT, WTO 'Defeats'

MS2112102694 London *FINANCIAL TIMES* in English 21 Dec 94 p 3

[Report by Frances Williams: "China Admits Defeat In Bid For Early Gatt Entry"]

[FBIS Transcribed Text] Geneva—China yesterday conceded defeats in its bid for early membership of the General Agreement on Tariffs and Trade and Gatt's successor, the World Trade Organisation [WTO]. China said it was prepared to continue negotiations next year.

In an angry statement yesterday to the Gatt working party on China's membership terms, Mr Gu Yongjiang, the deputy trade minister, repeated accusations that the negotiations were being blocked by the "excessive demands" of a few Gatt members, a reference to the US and the European Union [EU] in particular.

Mr Gu did not maintain previous threats by Beijing to withdraw trade concessions already offered and even to restrict western exports if "substantive agreement" on entry terms was not reached by the end of the year.

He said China's offers to open markets for foreign goods and services and on implementation of fair trade rules would remain on the table. However, they would not be improved. "The current concessions represent the maximum efforts China can make at its economic development levels as a developing country," Mr Gu argued.

China would not "initiate" further membership negotiations but it would take part in the next working party meeting scheduled for February. "China has no intention to close the door of negotiation," Mr Gu said.

Beijing has attached great importance to joining the WTO, which begins work on January 1, as a founder member. An original member of Gatt in 1948, China left the organisation in 1950 after the communists came to power. Both the US and the EU have offered to grant China founder-members status provided the negotiations are concluded speedily next year.

Mr Pierre-Louis Girard, the Swiss chairman of the Gatt working party, said yesterday with an eye to Chinese sensitivities that all the members wanted to reach a "balanced substantive agreement" as soon as possible and that "very substantive progress" had been made in the past few days.

However, trade diplomats said after the working party meeting that many difficult issues had still to be resolved and that China's market-opening offers remained unsatisfactory.

Though Beijing continue to castigate Washington as the principal obstacle to speedy Gatt entry, it is clear that US concerns about Chinese membership terms are widely shared by developing as well as industrialised countries.

'News Analysis' on 'Deadlock'

OW2112112394 Beijing *XINHUA* Domestic Service in Chinese 0810 GMT 21 Dec 94

["News Analysis" by XINHUA reporters Zhou Shaoping (0719 1421 1027) and Ban Wei (3803 3837): "Talks on China's Reentry Into GATT Reach a Deadlock Due To Obstruction by a Few Big Countries"]

[FBIS Translated Text] Geneva, 20 Dec (XINHUA)— A new round of talks on China's reentry into GATT ended in Geneva on 20 December. Although Chinese delegates showed the greatest sincerity and flexibility during the negotiations, the talks failed to reach an agreement due to premeditated obstruction by a few signatory parties.

The latest GATT talks were held with the backdrop that GATT will be replaced by the World Trade Organization [WTO] on 1 January 1995. According to relevant provisions, only GATT members can become WTO's founding members. China was a founding signatory party of GATT in 1947. It fully participated in the Uruguay Round of multilateral trade negotiations and signed the Final Act of the Uruguay Round. This totally demonstrated the sincerity of China's full commitment to the global multilateral trade system.

As everyone knows, GATT has deliberated China's reentry bid for over eight years, and this long deliberation is unprecedented in the history of GATT. Over the last eight years, China has carried out a major reform of its foreign trade system, combined two sets of foreign exchange rates into one, established a unified foreign exchange market, lowered tariffs, unified the taxation system, and promulgated a series of laws and regulations concerning foreign trade and protection of intellectual property rights. China's foreign trade system has become consistent with the principles outlined in GATT. The conditions of China's re-entry into GATT are fully ripe.

In August this year, China submitted to all signatory parties a framework document containing the concession lists for agricultural products, nonagricultural products, and service trade and made major revisions of its concessions made during the Uruguay Round of negotiations. During bilateral and multilateral talks over last three weeks, China further revised the above three concession lists. Facts show that China, as a developing country, has made great efforts to seek reentry into GATT, and it has the necessary conditions for joining the WTO.

Analysts here believe that a key reason that the current round of talks ended without an agreement was that a few major trading nations did not have any political willingness whatsoever to conclude the negotiations on China's re-entry into GATT at an early date. From the start of the negotiations, the United States kept on at the issue of the deadline set by China and stalled on substantive negotiations with China. In later negotiations, the United States again tried to reach out for a yard after taking an inch by making numerous new and excessive demands that went beyond the provisions of GATT and the tolerance level of the Chinese economy. While intense negotiations were underway between the two sides, a U.S. official spread word to the media that it was out of the question that the issue of China's re-entry into GATT could be settled within the year. This attitude of the United States had a profound negative impact on other contracting parties.

In negotiations on tariff reduction and concessions, a few major contracting parties raised many unrealistic demands that far exceeded China's level of development. In some areas, their demands for tariff reduction far exceeded China's endurance level. They also demanded that China remove all nontariff measures. Even the United States, however, still maintains control measures like reserve quotas on China's imports; the European Union also sets quantitative limits on Chinese imports.

In negotiations on the protocol for China's re-entry, some developed countries even tried to impose on China extra clauses that are not in the General Agreement on Tariffs and Trade, creating a huge imbalance in the protocol between rights and obligations. The United States demanded that the so-called "general guarantee clause" [yi ban xing bao zhang tiao kuan 0001 5301 1840 0202 7140 2742 2949] be included in the protocol of China's re-entry into GATT. According to that clause, any country may declare, under any condition, a termination of ties with China in the WTO. Not only China, which is firmly against this discriminatory demand, but many medium-sized and small contracting parties also expressed their objections.

Even though no agreement was achieved at the current round of negotiations, it does not mean that this is the end of China's process to re-enter GATT. The world today is one in which nations are economically interdependent. China needs to regain its GATT membership and becomes a member of the WTO; the WTO also needs China. China's market is hugely attractive to the developed countries; if China's GATT membership is not restored, it means that China will not be able to implement the commitments it has made and, consequently, these nations will not be able to enjoy the huge economic benefits of a more open Chinese market. For this reason, people of insight here generally believe that China's entry into the world multilateral trading system is only a matter of time.

English Version of 'News Analysis'

OW2112113994 Beijing XINHUA in English 1102
GMT 21 Dec 94

["News analysis: China's GATT Reentry Process Stalled by Major Powers"]

[FBIS Transcribed Text] Geneva, December 20 (XINHUA)—No deal was reached on China's reentry into the General Agreement on Tariffs and Trade (GATT) due to the obstruction of a few major contracting parties at the talks which closed here today.

With utmost sincerity and flexibility, China had been determined to conclude substantive negotiations within this year, thus sending an important message to the major powers that delaying the talks would not bring them more economic benefits.

The 19th session of the GATT Working Party on China started three weeks ago with a new world trade body in view—the World Trade Organization (WTO) which will replace GATT on January 1 next year under the Uruguay Round treaty.

The treaty stipulates that a founding member of the WTO has to be a GATT member first.

China is entitled to the WTO's founder status, as it was a signatory of GATT in 1947 and signed the Uruguay Final Act on establishing the WTO.

In addition, numerous GATT members have announced their support for China's position.

It is known to all that GATT has been reviewing China's reentry for more than eight years and this is unprecedented in GATT history.

During this period, China has introduced reforms in its foreign trade structure, adopted a unified exchange rate, set up foreign exchange markets, reduced import tariffs, unified the taxation system and promulgated foreign trade laws and laws to protect intellectual property rights.

Meanwhile, China fully participated in the Uruguay Round multilateral trade negotiations.

In August, China made additional major concessions on its pledges in the Uruguay Round talks by presenting a package plan covering farm produce, non-farm products and a schedule of concessions on service trade.

At the multilateral and bilateral talks last month, the Chinese delegation made further concessions on the above-mentioned concessional schedules.

All this shows that China, as a developing country, has made tremendous efforts to reenter GATT and has met the conditions for becoming a WTO founder member.

Analysts say that the key factor leading to the failure of the talks is the lack of political sincerity on the part of a few major trading powers for an early conclusion.

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The United States has been nagging on China's proposal to set a deadline for the conclusion of negotiations on its reentry ever since the outset of their bilateral talks and refused to discuss substantive issues.

During ensuing talks, the U.S. continued to make more excessive demands.

U.S. officials also told the press that it would be impossible to allow China to reenter GATT before the end of the year and this exerted major negative influence on the other contracting parties.

A few major parties made unrealistic demands surpassing China's development level in the talks on tariff concessions.

They demanded that China reduce its tariffs on certain products to an extent far beyond what it can accommodate and also lift all of its non-tariff measures.

But the U.S. reserves its quota control on imports of Chinese products and the European Union has also imposed quantity limits on imports from China.

In the reentry protocol talks, developed countries wanted China to accept extra clauses not in the GATT agreement, tipping the balance between rights and duties in the protocol.

The U.S. requested that China add a "general safeguard clause" to its reentry protocol, which would allow any country, under any condition, to declare suspension of its ties with China in the WTO.

This discriminatory demand has been firmly rejected not only by China, but also by many smaller contracting parties.

China needs to be a member of the WTO and the WTO also needs China.

The failure to reach consensus in the talks does not mean the end of China's reentry process, but rather a delayed implementation of its pledges already made to world trade.

Developed countries, which find the vast Chinese market irresistible, will not be able to enjoy the huge economic benefits to be brought by a more open market in China.

Diplomatic sources here agree that China's entry into the world's multilateral trade system is only a matter of time.

'Major Signatory' Lacks Political Will

HK2112123694 Beijing ZHONGGUO XINWEN SHE
in Chinese 0826 GMT 21 Dec 94

["Commentary" by Yu Donghui (0151 2639 2547):
"China Will Pursue Reform and Opening According to
its Own Timetable"]

[FBIS Translated Text] Beijing, 21 Dec (ZHONGGUO
XINWEN SHE)—At 2300 [1500 GMT] Beijing time on

the night of 20 December, regrettable news was received from Geneva that the substantive talks on China's readmission to the GATT had failed to reach an understanding acceptable to both the GATT signatories and China and that China would not be readmitted to the GATT this year.

China has made much efforts over the past eight years to reenter the GATT, launching a series of reforms toward that purpose: Abolishing all import substitute lists, lowering import tariffs on 6,500 commodities three times, and pursuing reform of the foreign exchange and trade system centered on unifying foreign exchange rates.

The package submitted by China to the GATT, which comprised concessions on tariffs, agricultural goods, services, and trade, proposed tariff cuts on some 6,000 taxable commodities and a timetable leading ultimately to the abolition of nontariff restrictions on 784 commodities; pledged to revoke all nontariff restrictions on agricultural imports, restrict tariffs on agricultural goods, and improve market access for services and trade; promised more concrete measures to further open up value-added [zeng zhi 1073 0237] telecommunications, tourist agencies, shipping, and civil aviation; and made significant provisions for opening up finance and banking.

China made the greatest efforts and tried to be as flexible as possible in the 19 rounds of talks and bilateral negotiations, which indicates its serious and earnest wishes.

The World Bank has said that China's import system is more open than some Western countries'.

This being so, why did the eight-year effort fail to produce results? The key to this lies in the inability of a major GATT signatory to approach China's GATT readmission from a strategic level, namely, from the perspective of maintaining the global multilateral trade system, promoting China's market-oriented reforms and opening up, and developing long-term and stable trade and economic relations with China. They were able to focus only on immediate commercial interests and were eager to gain the greatest possible access to the Chinese market.

Because this major signatory lacked the political will, it made demands China found hard to accept: for example, demanding that China agree to a special international balance of payment provision and refusing China developing country status entitling it to GATT privileges and the necessary time to fully open its markets.

It obviously made things impossible when talks were conducted as if China were a second-class signatory. It is absolutely impossible for a developing country with a GNP per capita of less than \$400 to undertake obligations reserved for developed countries.

The World Trade Organization [WTO] will formally replace the GATT on 1 January, 1995, and China will

still be excluded from the multilateral trade system. This will not help China in moving into global economic circles and complementing and matching with the international economy and will only undermine the representativeness and comprehensiveness of the global multilateral trade system.

After all, China is a trading power which boasts a total import and export value of some \$200 billion, and it is a new economic growth point which is viewed favorably across the world.

Since China has not been readmitted to the GATT, all the pledges it has made in the past will naturally become void. China will be totally free to make its own decisions in formulating its industrial development policies and determining its tariffs and nontariff measures; it will not be bound by any commitments and will not initiate requests to join the WTO again.

China is on a path of no return with its reform and opening up and will go on to reform its foreign trade structure and expand trade and interaction with countries around the world, but all these will be pursued according to China's practical needs and capability.

China's reform and opening up is an orderly and systematic process, and China can only pursue this process according to its own timetable.

Commentary Targets U.S.

HK2112140494 Beijing ZHONGGUO XINWEN SHE
in English 1312 GMT 21 Dec 94

[Report: "China Calmly Faces Denial of Restoration of GATT Status This Year"]

[FBIS Transcribed Text] Beijing, December 21 (CNS)—Resumption of China's status in the General Agreement on Tariffs and Trade (GATT) has become a focus again and so much concern is aroused at home.

As for the general public no restoration of China's status to the GATT within this year maybe only mean that imported electric home appliances will not see a price down in near future [sentence as received]. To those who are concerned about affairs of state, they will look in depth into the reason why China can not resume its status in the world trade body and what kinds of impacts will have on China's economy as a result.

All newspapers available in Beijing today give heavy coverage to failure of substantive talk on China's restoration to GATT. The spokesman for the Ministry of Foreign Trade and Economic Cooperation pointed out that "a particular signatory to GATT" ran counter to its commitment and intentionally imposed obstacles to China's re-entry into the world trade body out of political motive. It is generally believed that the signatory was the United States even though the accusation was made not by name against the US.

The mouthpiece newspaper of the ministry [GUOJI SHANGBAO] published a commentary targeting the United States which the article said made wrong judgment on consecutive occasions. The commentary said that the first wrong judgment made by the US-led signatories to the GATT lied in such assumption that the trick of deferment would continue to bring them much more benefit because they assumed China would concede much more in the talk [sentence as received]. The second wrong judgment, according to the article, held that they had long supposed that China was playing diplomacy and then they paid little attention to deadline set by the Chinese government for restoration of China's status to the GATT. The third mistake committed by the US which was described by the commentary as the most serious one was that the US refused to recognize or was totally not aware of the fact that China's economic reform was pushing forward the world economy and trade for further development.

The article said that in addition to protection required by enterprises from the government, they should place their strategical goal in extension of development to overseas countries in long term run [sentence as received]. Experts and scholars at home as well as representatives from overseas business groups stationed here shared such idea.

An economic scholar said in an interview with this agency that even though China could not resume its status in the GATT within this year, he was convinced that she would sooner or later become member of the World Trade Organization which would operate early next year. He said that domestic enterprises especially medium and large-sized state-owned enterprises should lose no time in undertaking the restructuring of the management mechanism and technological renovation. The central government can set its pace for further opening of the country based on the actual economic situation. The scholar warned that enterprises should not totally depend on protection from the government and do nothing by themselves.

The scholar was convinced that it was not easy to reach the current level of trade between China and the US and that the two sides would still give priority to economic interest. Trade conflict is inevitable but it is impossible for a big war of trade because the US had so many enterprises run in China. He said that China had to employ international practice and improve its law and regulations with the upholding of reform and openness.

A representative from the Hong Kong Trade Development Council stationed here pointed out that whether China can restore to the GATT would have immediate impacts on Hong Kong's economy and trade. Should China resume its place in the world trade body, it would be beneficial to an expansion of investment made by the territory in the Mainland and would push forward observation of international practice by China on full scale. Hong Kong will benefit from China's restoration to the

GATT especially in service and re-export trade. Should China successfully re-gain its place in the GATT, it would bring Hong Kong a trade volume valued at US\$70 billion and create 110,000 job opportunities in ten years to come.

The Chinese government has made it clear that whenever it joined the World Trade Organization, it had no change in its determination in the establishment of the socialist market economy system [sentence as received]. China's reform and openness will not stop.

Article Urges U.S. To View GATT Entry From Strategic Angle

HK2112121094 Beijing GUOJI SHANGBAO in Chinese
14 Dec 94 p 1

[Article by staff reporter Wu Yue (2976 6460): "Influence Produced by Deadline"]

[FBIS Translated Text] China's proposal to fix a deadline for reentry to the GATT is aimed at sending a signal to remind GATT signatory nations that China still has the right to control its own economic destiny. In fact, this is an issue that no party can evade. Since it was finally decided that the existing GATT would be replaced by the World Trade Organization [WTO], China has placed this difficult problem on the agenda, otherwise the four-party meeting could not have been held in Los Angeles to coordinate positions on the issue of China's reentry to the GATT.

After all, is there any timetable for accepting China as a member of the organization? This is something that has given people much food for thought. Bilateral contacts during the last two weeks indicate that the signatory nations lacked the mental preparation for China's uncompromising stand. The question is: The deadline set by China is to "conclude the substantive talks within this year," which means that it will no longer accept any demands after this deadline. As for technical problems, they can be settled in three to six months next year. If the United States, Europe, and Japan have really discussed the agenda for China's reentry into the GATT, they should not set a date far from this deadline. Brittan, the European Union's negotiator, said in Beijing in October that the talks on China's reentry to the GATT would be concluded in May or June next year, but China would still be a founding member of the WTO effective 1 January 1995. However, due to some other factors, this can only be said to be a rough intent. Whether or not the WTO will be able to operate as scheduled was still an unsettled question two weeks ago. Earlier, no one dared to ensure that the agreement could be so smoothly approved after the landslide victory by the Republicans in the mid-term U.S. congressional elections. In this regard, China's tough stand adopted at this moment had the effect of forcing its opponents to show their cards.

The focus of economic conflict lies with the question of U.S. trade policy with China. The European Union and

Japan act according to what the United States does. The Japanese said that since the Americans have asked for a certain price, they cannot help but do the same. Motivated by the surrounding atmosphere, the medium-sized and small signatory nations raised their prices one after the other. This precisely signifies that they have been wavering all along. At the beginning of this year, Deputy U.S. Trade Representative Barshefsky told Congress that the "ultimate goal of U.S. policy on trade with China is to help China push its reforms toward a market economy." In recent days, the United States has made numerous assertions like this, but it is always slow with practical action. This time, in the wrangling between the two sides, the United States set harsh terms and exorbitant demands. Hence, there is no longer a question about whether or not it has sincerity in the talks [yi bu shi you wu cheng yi wen ti 1571 0008 2508 2589 2477 6134 1942 07395 7344]. People have begun to feel that the United States has used this tactic to hold the deadline issue first so that it can continue to talk over the matter further [er shi ling ren je de ta zai yong zhe zhong fang shi xian dang zhu shi xian wen ti ran hou zai zuo ji yi 2079 2508 0109 0086 6030 1779 1338 0961 3938 6638 4429 2455 1709 0341 2346 0145 2514 7098 0795 7344 3544 0683 0375 0155 6060 6231]. Do the Americans realize that by doing so things will only run counter to their wishes? Originally, they wanted to increase opportunities to gain access to China's market, but their illusion of achieving everything at one stroke will result in getting farther away from the opportunities provided by China's economic reform. The reason is very simple: the deadline proposal on GATT reentry indicates the price China is ready to pay now and is the absolute limit that its economy can tolerate. Spurred by eight years of negotiations on reentering the GATT during 15 years of economic reform, many measures have been adopted ahead of time. The policy to unify exchange rates is a good example. Next year, China's economic reforms will move as a whole to a deeper level [zhongguo jingji gaige xiang shen ceng zheng ti tui jin 0022 0948 4842 3444 2395 7245 0686 3234 1461 2419 7555 2236 6651]. To a certain extent it can be said that reform has reached its most difficult juncture, however, China certainly knows what to do if it converges with the world economy at this hour. The fact that the United States, Europe, and Japan wanted China to abolish all nontariff measures in one stroke without a timetable indicates that they know very little indeed about China's economy. They should know that no matter how important the international environment appears to China, radical reforms will first be carried out according to its own timetable. Hence, the deadline proposal is the only chance left. China has sincerity to accept demands, but they should bear in mind that such demands should not be too exorbitant. If China refuses to join the GATT, they will lose even those previously pledged.

Finally, there is the issue of the prospects for the Sino-U.S. economic and trade relationship. The Chinese side has repeatedly stressed that the United States should

work out its tactics on China's reentry to the GATT from a strategic angle, as this is a very practical thing concerning its own interests in China. The Americans say that due to the astonishing rate of economic growth in China, it should not be granted the preferential treatment it is entitled to. This is a shortsighted view. Do they think they will not have opportunities unless China's economy declines? If the United States is unable to make a political decision on the issue of China's reentry to the GATT, will the deadline proposal made by the Chinese Government be good enough to urge the U.S. administration to reconsider this issue?

Trade Minister on Policy for GATT Reentry

HK2112010094 Beijing GUOJI SHANGBAO in Chinese
9 Dec 94 p 1, 4

[Article by Wu Yi, minister of Foreign Trade and Economic Cooperation: "China and the Multilateral World Trade Structure"]

[FBIS Translated Text] The development of the Chinese and the international economies makes me feel more and more strongly the increasingly important role of a multilateral world trade structure in China's foreign economic relations and trade, as well as the complexity of the relationship, reciprocity, and conflicts between a global structure and regional structures amid a multilateral trade structure. Meanwhile, in view of the upcoming founding of the World Trade Organization and the advent of the final phase of the talks on the resumption of China's GATT signatory status, I think it is necessary to go further into the relationship between China and the multilateral trade structure so that China will play a constructive role in strengthening the multilateral trade structure and so that this structure will be able to better serve the development of China's foreign trade and economic relations.

I. The Development Trend of the Multilateral Trade Structure

A multilateral economic system, exemplified by the GATT, IMF, and the World Bank, was established at the Bretton Woods Conference after World War II. However, as the former Soviet Union and almost all the socialist countries did not join the Bretton Woods system, the multilateral structure was never complete. If we agree that the global political pattern prior to the end of the Cold War was basically characterized by a superpower rivalry between the United States and the Soviet Union, we can say that, for the lengthy period of the Cold War, the global economic system was basically controlled by the United States alone. In my opinion, we should emphatically point out this characteristic when discussing the historical development process of the multilateral trade structure exemplified by GATT.

Now that the Cold War has ended, the world is still far from peaceful. The dominance of political and military factors in international relations has gradually given way

to the primacy of economic factors, which have become the most dynamic and important consideration in international relations. Almost every nation regards economic development as its top priority, and everybody has a stronger and stronger desire to engage in economic development and pursue a better quality of life. All these major changes in international relations have inevitably had a profound impact on the multilateral trade structure.

In recent years, there are two trends of development in the multilateral trade structure which are particularly eye-catching.

First, the multilateral world trade structure has been upheld and strengthened. The present world trade structure is exemplified by GATT. Since its founding in 1948, GATT's greatest achievement is precisely its efforts to facilitate the liberalization of world trade through the organization of multilateral trade talks. The Uruguay Round of talks was the eighth round of talks organized by GATT since its founding more than 40 years ago. This round of talks lasted over seven years—from 1986 to 1993—before an agreement was finally reached. In this agreement, the resolution of setting up the World Trade Organization (WTO) is particularly important, because it marks the end of GATT as the provisional international trade accord and the replacement of it by a brand-new world trade organization—the WTO. This should be a victory for the world trade structure.

The signing of the Uruguay Round final agreement was, in fact, a product of compromise on all sides. A certain trading power, which always relies on domestic laws and bilateral talks as its primary means for handling foreign trade relations, from the very beginning did not recognize GATT as an international organization and did not acknowledge GATT's authority as the representative of the multilateral trade structure. However, over the last few years, due to its declining economic strength and the fact that it was facing keener and keener competition from other countries and trade blocs, it had no choice but to uphold GATT's multilateral structure so as to maintain its status as economic overlord of the world. Due to widespread economic depression, other developed countries in the West tried to reach a set of resolutions through the Uruguay Round of talks to contain trade protectionism and to promote their own economic recovery and development. In order to contend with increasingly intense unilateral trade practices in international trade relations and to gain the advantages of the open market by means of GATT's unconditional multilateral most-favored-nation treatment, vast numbers of developing countries supported the Uruguay Round's final agreement.

The success of the Uruguay Round of talks has strengthened the multilateral world trade structure, which has become richer in content and wider in scope, thus making contributions to the development of world trade. However, what must be stressed is that the results

achieved by the Uruguay Round are not balanced, many places do not benefit from it, or the interests of developing countries are not adequately considered and satisfied. This was most conspicuous in the final agreements on intellectual property rights, investment measures, and the service trade. The agreement on intellectual property rights is a leading agreement of protection and, viewed recently, is more advantageous to the developed countries, who have mastered technology, patents, and copyrights, whereas the developing countries, in enforcing this agreement, will face many difficulties and will pay quite a high price through policy adjustment and the revision of laws. In addition, this agreement does not concern the issue of facilitating technology transfer, which is closely related to intellectual property rights and about which developing countries are very much concerned, thus making the Uruguay Round intellectual property rights agreement very unbalanced. Similarly, the Uruguay Round investment agreement merely laid down the obligations which areas introducing investment should undertake but did not mention investors' obligations, thus making the overall agreement more advantageous to capital-exporting developed countries. In short, the Uruguay Round of talks has not settled the fundamental defect of the multilateral trade structure exemplified by GATT; that is, the present multilateral trade structure basically serves the developed countries, particularly the one or two largest developed countries. In my opinion, we should have a sober understanding of this fact when we discuss the issue of China's participation in the multilateral trade structure.

The second important trend in the multilateral trade structure is the rapid development of regional trade. The EU and NAFTA have emerged in Europe and North America, whereas the Asian-Pacific Region, with the Asia-Pacific Economic Cooperation [APEC] forum as the framework, is vigorously expediting trade liberalization, and some countries have even brought up the issue of "structuralization." Very obviously, the trend of regional economic groupings is the result of the unbalanced development of the global economy, particularly the economies of western countries, which, in effect, reflects the formation of the multi-polar post-Cold-War global economy and the situation of increasingly keen competition among several economic and trade powers.

In recent years, due to the rapid development of international trade and investment, we are seeing deeper and deeper economic interdependence among countries. Within the scope of the world, the formation of a global system of production, management, and marketing through trade liberalization should be described as more necessary and plausible than it was over 40 years ago when GATT was founded. However, as revealed by the realities of international economic dealings and trade, this is not completely the case, because various trade powers' economic interests often transcend the sacred principle of trade liberalization. Regional trade blocs will emerge when a power cannot completely manipulate

the global multilateral system and when keen competition between trade powers cannot be contained by the global multilateral system. These blocs claim that they are not exclusive, but since members of the blocs extend trade privileges to each other rather than to any economic communities outside the blocs, it is inevitable that these blocs do, in fact, exclude others. GATT stipulates that all customs unions and free trade areas are not allowed to set more trade barriers to the third countries, but more preferential trade treatment extended to each other within the blocs is, for non-bloc members, obviously an invisible trade barrier. Of course, if the regional trade grouping is one of the means for realizing world trade liberalization, it may, in a certain stage, become a positive factor of competition amid world trade liberalization, but, in any case, whether the two trends of development—the enhancement of the multilateral world trade structure and the development of regional trade blocs—will, as claimed by every regional bloc, "develop side by side and complement each other" remains to be seen.

II. Participation in the Multilateral Trade Structure Is a Requirement for China's Reform and Opening up

Before China started implementing reform and opening up in 1978, its foreign trade and economic relations were not an important component of its overall economic development. Because of the implementation of a highly-centralized planned economic system, China always kept out of the mainstream of international economic relations and trade and did not join the Bretton Woods multilateral world structure, including GATT.

In the initial period of reform and opening up, as far as our foreign economic relations and trade were concerned, we primarily focused on bilateral development and economic cooperation and trade with other countries and districts. However, with our economic and trade development and the deepening of our economic restructuring, we gradually became aware that, in order to move our foreign trade and economic relations forward to a new stage, we must uphold the all-round, multi-dimensional, and diversified principle in opening up to the outside world. In order to implement this principle, efforts must be made to gradually converge China's economy with the global economy, whereas one of the important symbols of such convergence is that China's structure of foreign trade and economic relations must converge with the international regulations in force. In this way, the issue of reentry into GATT and participation in the multilateral world trade structure has been placed on the important agenda of China's reform and opening up. We notice, by reviewing China's "GATT reentry" talks in the past eight years, that the moves China has taken with a view to joining the multilateral trade structure, as denoted by "GATT reentry," are needed for China's implementation of reform and opening up, and the process of China's "GATT reentry" talks has always followed the historic process of

China's economic restructuring. Only when China was implementing the reform and opening up policy could the issue of "GATT reentry" be raised, but China's "GATT reentry" will also promote its economic restructuring and opening up to the outside world. Hence, the "GATT reentry" talks are really closely linked to China's economic restructuring, the viability and development of its enterprises, and the establishment of market laws. It is precisely through these connections that we notice the necessity of China's "GATT reentry." This kind of necessity, in my view, is manifested in the following three areas:

1. "GATT reentry" is good for expediting China's economic restructuring.

We should admit that, since the late 1970's, China's economic restructuring has always been oriented toward expanding the role of the market. However, due to the trammels of traditional ideas, we still had a vague understanding of the market economy concept for quite some time.

In the spring of 1992, Comrade Deng Xiaoping, the chief architect of China's reform and opening up, profoundly summed up the experience of reform and opening up over the last decade or so. He smashed the concept that the market economy was inherent in the capitalist system and put forward the brilliant argument that we can also pursue the market economy under the socialist system. Due to this major breakthrough in our understanding, we could solemnly declare at a meeting of the GATT China Working Group: The objective of China's economic restructuring is to establish a socialist market economic system which, as far as its general features are concerned, is not fundamentally different from the capitalist market economy. The only difference is that China's market economy is a market economy under the socialist system.

China's proclamation of establishing a socialist market economic system has evoked great repercussions from GATT, the global economic and trade organization which considers the market economy its model. China is now striving for the establishment of a market economic system, which is completely in line with GATT's aim of "allocating resources by market means, widening the full utilization of resources, and promoting economic growth and development." It is precisely in this sense that the conditions for China's "GATT reentry" have completely matured.

2. "GATT reentry" is good for expediting the development of Chinese enterprises through their participation in international competition.

For Chinese enterprises, "GATT reentry" not only implies opening up the China market to the outside world but also entering the international market, which is undoubtedly a double challenge.

Many people have raised this question: As China is a developing country, whether its enterprises can withstand the test of international market competition is an

important question. We have asked the representatives of contracting parties who come from developing countries for advice on their historic experience of "GATT entry." The lessons and experiences are different, but there is a basic conclusion: No single country's "GATT entry" has led to declines and bankruptcies in its national industries. As shown by the experience of many developing countries, the process of "GATT entry" has become the "catalyst" for economic reform and industrial restructuring, and their enterprises have become more competitive after "GATT entry."

Of course, certain conditions are needed for taking part in international market competition because, after all, such competition is at a higher level as well as more complicated, intense, and ruthless than that in the domestic market. As shown by the experience of reform and opening up for more than a decade, Chinese enterprises still lag behind their foreign counterparts, but, overall, they already have the basic conditions for taking a great part, within a wider scope, in the international division of labor and competition. I do not agree with the viewpoint which believes that China's "GATT reentry" would cause severe damage to China's economic development and the viability of its enterprises.

We are glad to see that, in the face of the situation of "GATT reentry," more and more Chinese enterprises have acquired the outlook of the international market and are trying to organize their production and business activities in accordance with international market norms and the usual practices in the international market. The pressure and driving force engendered by "GATT reentry" has vigorously expedited China's economic restructuring and, in particular, internal enterprise reform.

3. "GATT reentry" is good for legislating for the establishment of a market economy in China.

GATT is not merely an international trade accord but is also a whole set of standardized laws about international market operations. In its over 40 years of history, GATT has reached numerous international agreements and regulations through eight rounds of multilateral trade talks. In particular, since the Uruguay Round of talks, it has introduced a large number of new international agreements and regulations in such new fields as service trade, intellectual property rights, and investment measures.

Due to this important characteristic of GATT, China's "GATT reentry" has, in fact, dual meanings. Apart from the fact that China is going to return to the multilateral international trade structure, it also means that, in formulating and implementing domestic laws and regulations on foreign trade and economic relations, we must refer to and abide by the relevant international criteria.

After years of efforts, we have made great achievements in perfecting the legal system of foreign trade. In particular, in May 1994, China promulgated the Foreign Trade Law in accordance with GATT principles and China's

real conditions, which clearly stipulated that China would implement a unified foreign trade system and preserve a fair and free foreign trade order in accordance with the law. In the future, we will continue to formulate laws and regulations related to the outside world which conform to international criteria, such as those laid down by GATT and the Uruguay Round agreement. This is not only needed for our country's "GATT reentry," but, more importantly, is completely in line with our objective of establishing a socialist market economic system. Whether our attempts to build up a market economy succeed will, to a very large extent, hinge on whether we can formulate and effectively implement a legal system which guarantees market order and standardizes government, enterprise, and personal conduct.

In short, China's "GATT reentry" and participation in the multilateral trade structure largely stems from the needs of our own reform and opening up. Of course, we also notice that our participation in the multilateral trade structure will also enable us to contain unilateral trade practices and trade protectionism by relying on the strength of multilateral organization and regulations. Since no trading power has yet given up its power to act unilaterally, the authority of the multilateral trade structure has not really been built up. We do not cherish any unrealistic illusions towards the multilateral trade structure, but, after weighing the pros and cons, we consider that our participation in the multilateral trade structure will be more favorable to us, so the Chinese Government is enthusiastic about our "GATT reentry."

3. The Fundamental Principles of China's Participation in the Multilateral Trade Structure

Eight years ago, we started the "GATT reentry" talks and took a decisive step regarding our participation in the multilateral trade structure. Three years ago, when we had not concluded our "GATT reentry" talks, we joined APEC, an organization which aims to expedite regional trade liberalization. In this way, we began to handle the issue of China's participation in the multilateral trade structure at the global and regional levels simultaneously, but China's participation in this process has thus become more complicated.

In the area of handling the relationship between the global and regional trade structures, we call for upholding and strengthening the multilateral trade structure on the basis of GATT, whereas the operation of the regional trading system must follow the universal rules of international trade; that is, it must be fair, open, and non-discriminatory. Therefore, at the APEC ministerial-level meetings in Jakarta, we stressed the establishment of an open regional trade system but refused to accept any suggestion of setting up a regional trade bloc. If the role of the multilateral trade structure is weakened, its fundamental principles and discipline will be undermined, and there will be no way to reflect its generality and representativeness. The regional trade structure may break away from the global trade structure and plunge

itself into trade protectionism. Of course, we do not mean that GATT's global structure is perfect. On the contrary, quite a number of GATT laws basically proceed from the interests of the developed countries, without taking into full consideration the level of economic and social development in the developing countries. These laws should be constantly improved as they are implemented. At present, it is necessary to especially watch out for some people who are playing tricks with the requirements related to the environment and labor, thus putting developing countries in an even more unfavorable position in the world trade structure.

Bearing these serious drawbacks in mind, we stressed at the APEC meetings that, in the process of realizing trade liberalization, full consideration must be given to the different levels of economic development of the members. We also advocated that the Asian-Pacific Region's trade liberalization should follow the principles of consultation, unanimity, equality, and reciprocity. We hope that APEC will play a positive role in removing the drawbacks of the multilateral trade structure exemplified by GATT. Regardless of our "GATT reentry" or participation in APEC, our fundamental principle is that we must strike a balance between rights and obligations, which must be conducive to China's reform and opening up as well as economic and trade development. The reason why we have promised in the "GATT reentry" talks to fulfill certain obligations required by GATT is that the fulfillment of these obligations is consistent with the great goal of establishing a socialist market economic system. Over the past few years, we have reformed the centrally planned economic system so that most products are priced according to market, and we have also abolished mandatory foreign trade plans, direct export subsidies, the policy of import-substitution, and the import-adjustment tax. Moreover, we have taken the initiative in reducing taxes on several occasions and, in order to grant national treatment to imports, have unified domestic taxation practices. A unified foreign exchange rate and a conditional free conversion system have been implemented, and we are prepared to realize the free conversion of current accounts by 2000. We have cut a large number of non-tariff trade barriers and have maintained the transparency of administrative measures. All these reforms have made China's foreign trade structure basically conform to international standards, thus providing foreign products with a rapidly-growing opportunity of being imported into the China market and vigorously furthering China's economic restructuring, and its foreign trade restructuring in particular. At a time when we have made a major breakthrough in our economic restructuring, and our foreign trade structure is gradually drawing close to the world structure exemplified by GATT, we have also made huge efforts in GATT's market access talks. Late last August, our delegation to the "GATT reentry" talks produced three concession lists on farm produce, non-agricultural products, and the service trade. The three concession lists basically reflect the greatest efforts which China can

make at its present level of economic development, and we have tried our best to take into account the interests of all our trading partners. We have already made a total of 57 percent tariff concessions, and schedules have also been set for the gradual abolition of the overwhelming majority of non-tariff barriers. Most of the work has been completed or basically accomplished after holding talks with nearly 30 contracting parties in last September and October, and some of the talks are expected to be concluded soon. Of course, since we have not completely fulfilled some contracting parties' demands, and individual contracting parties are asking too much, our "GATT reentry" talks will still meet quite a few difficulties.

In order to overcome these difficulties, during my participation in the Jakarta APEC meetings, I held talks with U.S. Trade Representative Kantor and Commerce Secretary Brown. On the one hand, the U.S. side said in the talks that a "pragmatic and flexible stand will be taken to support China's entry into GATT on a good commercial basis," but, on the other hand, they set extremely harsh demands on us which are inconsistent with China's development level and which are difficult to accept.

As far as their demands were concerned, I told the Americans that China's "GATT reentry" stand is firm, but flexible, which, to be specific, could be summarized in four points: First, for those things which are being done, we can promise to keep doing them; second, for those which we are ready to do, we promise we will do them as soon as possible; third, for those which may be done in the future but cannot be completed at the moment, we can promise to set a timetable to realize them step by step; and fourth, for those which are unacceptable, we will never do them no matter how strong the outside pressure is. Our flexibility is indicated by the first three points, whereas our steadfastness is shown by the last point. I responded, according to this principle, to every demand set by the U.S. side. Transparency, national treatment, and the unified implementation of foreign trade policies belong to the first and second categories, and we have promised to do them as soon as possible. The foreign exchange system, the abolition of non-tariff barriers, and the widening of market access belong to the third category, and we can promise to set a timetable to do them step by step. Our attitude can be really described as "pragmatic and flexible." As for the issues which belong to the fourth category, the most outstanding is the issue of China's status as a developing country. In my talks with the U.S. side, the words "absolutely out of the question" were clearly uttered three times to declare China's stand. This is because, only when we insist on China's status as a developing country can we guarantee that the obligations which China has undertaken while joining the multilateral trade structure match the current level of its economic development, thus ensuring that Chinese industries will not be subject to great shocks following China's "GATT reentry," that reform will be systematically

carried out according to our timetable, and that our economy will develop in a sustained and steady manner. Otherwise, our "GATT reentry" will damage our course of reform and opening up, which basically goes against our purpose in seeking "GATT reentry." If this is the case, the positive meaning of "GATT reentry" will no longer exist.

It was precisely due to our stand of treating China as a developing country that we insisted at the APEC meetings, when discussing the issue of setting a long-term goal for the Asian-Pacific Region's trade liberalization, that there must be two timetables for fulfilling this goal; that is, one for developed economies and one for developing economies. The United States has already consented to it, which was written in APEC leaders' "Declaration of Prospects." We wish the United States would apply the same principle to the talks on China's "GATT reentry" so that the talks can make progress as soon as possible.

It is very obvious to us that the reason why China's "GATT reentry" has attracted worldwide attention is that China's "GATT reentry" will have a great and far-reaching impact on global economic and trade development, thus providing the world with more market access opportunities. Under the present situation, in which world trade and economic relations are highly interdependent, only when developed countries, which have mastered technology and possess capital, and developing countries, with huge market potential, cooperate with one another can rapid global economic growth be brought about. China, as the largest developing country, is providing a large market for the entire world, and this is its greatest contribution to the world trade structure. However, whether a large market which is truly energetic can be formed hinges on the balanced, high-speed, and lasting development of the Chinese economy, whereas the success of China's economic development hinges on the success of China's economic restructuring. As proved by the experience of many countries in implementing economic and trade restructuring, only when reform is carried out systematically in accordance with one's own national conditions and the acceptability to one's economy and society can the reform be successful. Overall, China has adopted a systematic strategy in its economic restructuring, and the progress it has made has attracted attention worldwide. The crux of the matter is that this reform strategy is in line with China's national conditions of a large population, weak foundation, and unbalanced regional development. Hence, in the "GATT reentry" talks, we always urge all contracting parties to vigorously support the historic process of China's entry into the multilateral world trade structure by proceeding from a long-term viewpoint; that is, by regarding China as a developing country which is striving to establish a market economic system, and to make this process contribute to China's social stability and economic growth, thus providing the world with an open and gradually expanding market. Hence, we consider that it will also be in the interests of the vast numbers of contracting parties if they support China's insistence in

the "GATT reentry" talks on its status as a developing country. Moreover, only in this way can China's "GATT reentry" talks be "founded on a good commercial basis."

Now, after eight years of talks, we suggest that the substantive talks on China's "GATT reentry" should be concluded within the year so as to fulfill the goal of making China a founding member of the WTO.

I told reporters in Jakarta: Eight years are only a short while in the long history of man, but, as far as participation in an international organization's talks is concerned, these can really be described as a "long-drawn-out" move. Therefore, now is the time to work out a final solution for the issue of China's "GATT reentry." We have already consulted with the GATT Secretariat on the final stage of the arrangements for the talks on China's "GATT reentry" and have exchanged opinions with the U.S. side in Jakarta. The Chinese negotiation delegation will go to Geneva in late November and will stay there until it achieves a result, which will be one of two possibilities. As I told the U.S. side, we will make every effort to strive for the best outcome, but we are also prepared for the worst. China will vigorously strive for "GATT reentry," but we will never pay the price of sacrificing our fundamental national interests.

Of course, it will be very good for China to "reenter GATT," but, if someone creates obstacles to prevent China from "reentering GATT," then our reform and opening up will go on as usual, and we will still vigorously pursue bilateral and multilateral economic and trade cooperation, but, of course, it will be carried out according to China's own timetable. If China cannot "reenter GATT," every promise we have made over the past eight years and the concession package recently produced will all be null and void.

The WTO, which is to be founded in 1995, should be a genuine world trade organization with greater representativeness than GATT. In the present world, in which all economies are interdependent and diversified, only when the multilateral trade structure, as defined by the WTO, keeps recruiting countries and districts with diverse economic characteristics and different levels of economic development can the structure be guaranteed of effective operation while maintaining its perpetual vitality. Similarly, we, when extending our support to the long-term goal of trade liberalization in the Asian-Pacific Region, also stress that full consideration must be given to the diversity of APEC membership, particularly differences in the level of economic development, because only in this way can the long-term goal of trade liberalization be realistic and operational.

The APEC meetings have just concluded, and the crucial stage of the talks on China's "GATT reentry" are about to start. China will follow its fundamental national policy of reform and opening up, will unswervingly and fully participate in the multilateral trade structure, and will devote every effort to building itself into a modernized socialist power.

Reportage on Two U.S. Aviation Incidents in DPRK

U.S. Seeks Helicopter Pilot's Return

OW2012145094 Beijing XINHUA in English 1428
GMT 20 Dec 94

[FBIS Transcribed Text] Seoul, December 20 (XINHUA)—The United States today urged the Democratic People's Republic of Korea (DPRK) to return captured U.S. helicopter pilot Warrant Officer Bobby Hall, and the body of his dead co-pilot, Warrant Officer David Hilemon.

In a meeting at Panmunjom, U.S. Army negotiators also demanded DPRK representatives to give a report of Hall's physical condition and details of the events surrounding the downing of the pair's helicopter on the DPRK side of the Korean truce line.

DPRK representatives replied that details will be passed on when they complete their investigation of the incident, in which they claim DPRK anti-aircraft batteries shot the chopper down after it violated their air space.

The U.S. Army Headquarters in Seoul said the OH-58 helicopter had mistakenly strayed low over Kangwon-Do on the line dividing South Korea and DPRK before it went down on Sunday.

U.S. Spokesman Reports Plane Crash

OW2112023294 Beijing XINHUA in English 0225
GMT 21 Dec 94

[FBIS Transcribed Text] Seoul, December 21 (XINHUA)—A U.S. reconnaissance plane crashed today in South Korea and its two crew members "were believed to have escaped," a U.S. military spokesman in Seoul said.

The accident involving an OV-1 Mohawk occurred 65 kilometers south of a U.S. airbase in Osan, spokesman Jim Coles said.

The U.S. airbase in Osan is just south of Seoul.

The spokesman gave no further details of the accident.

Vice Foreign Minister Views International Affairs

HK2112105894 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 12 Dec 94

[FBIS Translated Text] In the provincial party committee's auditorium yesterday morning, Vice Foreign Minister Dai Bingguo made a report on international affairs. Liu Xuebin, member of the provincial party committee's standing committee and director of its propaganda department; Yang Wengui, vice chairman of the provincial people's congress; and Lin Mingyu, vice chairman of the provincial committee of the Chinese People's Political Consultative Conference attended the meeting. Liu Xuebin presided over the meeting. Also present at the

meeting were representatives of reporters attending a foreign-related journalist work meeting held in Haikou by 11 southwest, southeast, and northwest provinces and regions, as well as cadres at the deputy sectional level and above from institutions directly under the provincial authorities, totaling more than 600 people.

In his report, Vice Foreign Minister Dai Bingguo analyzed the current international situation and dealt with international relations, the Asia-Pacific situation, and the development of China's situation after the end of

Ministry Holds Reception for Beijing-Based Envoys

OW2012161994 Beijing XINHUA in English 1605
GMT 20 Dec 94

[FBIS Transcribed Text] Beijing, December 20 (XINHUA)—The Chinese Ministry of Culture held a reception here this evening to send New Year greetings to Beijing-based ambassadors and cultural officials.

Deputy Minister of Culture Liu Deyou noted at the reception that during 1994 cultural contacts between China and other countries saw further development.

With the reinforcement of cultural contacts, Liu noted, mutual understanding and friendship between the Chinese people and the people of other countries also witnessed great improvement.

Liu expressed his appreciation for the active role that foreign ambassadors and cultural officials played in promoting China's cultural work. He said he hoped that in the coming year China's communications with the world would be pushed to a new height through concerted efforts.

Vice-Chairman of the Chinese National People's Congress Standing Committee Buhe, Minister of Culture Liu Zhongde and about 500 Chinese and foreign guests attended the reception.

Beijing To Host International Automotive Exhibition

OW2012152594 Beijing XINHUA in English 1452
GMT 20 Dec 94

[FBIS Transcribed Text] Beijing, December 20 (XINHUA)—Beijing is to hold its second International Automotive Parts and Manufacturing Equipment Exhibition (APS '95) from October 20 to 25, 1995 at the China International Exhibition Center.

A spokesman for the China National Automotive Industry Corporation (CNAIC) said that APS '95 will have an exhibition space of 18,000 sq m, far exceeding that of the first auto parts exhibition, held in 1993, which had a space of 10,000 sq m. Some 500 Chinese and foreign enterprises participated in the last exhibition.

The CNAIC and the China Council for the Promotion of International Trade (CCPIT) jointly sponsored the Beijing International Automotive Industry Exhibition in 1990, and have so far organized three exhibitions. The exhibition held last June covered an area of 60,000 sq m, attracting over 1,100 firms and companies, with the number of visitors surpassing 400,000.

According to the spokesman, the CNAIC and CCPIT have decided to hold the Beijing International Automotive Industry Exhibition every even-numbered year, and the Beijing International Automotive Parts and Manufacturing Equipment Exhibition every odd-numbered year.

In addition to these exhibitions, the spokesman said, a medium-sized international automotive exhibition will be held every odd-numbered year in a south China city, so as to meet the needs of the fast-growing auto industry in China's southeast coastal areas.

FBIS Media Note: Journal Criticizes UN Peacekeeping Operations

95P30029A Beijing GUOJI WENTI YANJIU
[INTERNATIONAL STUDIES] in Chinese No 4, 13
Oct 94 pp 7-15

[FBIS Media Note] A recent article published in the China Institute of International Studies-sponsored journal, GUOJI WENTI YANJIU, decried "the excessive Western and U.S. influence" involved in UN peacekeeping operations and criticized the United Nations for failing to distinguish between keeping peace and using force to bring about peace. The article urged the United Nations to define its role in the post-Cold War era, establish a legal foundation for its peacekeeping activities, and improve representation among its members.

The article, published in the 13 October 1994 edition of the Beijing-based GUOJI WENTI YANJIU and written by Zhang Jing, discussed current problems facing UN peacekeeping operations, including "excessive U.S. and Western influence," members' failure to contribute adequate funds and troops, an alleged failure to distinguish between keeping the peace and using force to achieve peace, and the misperception that peacekeeping can be the solution for all conflicts. Zhang then discussed issues he believes the United Nations should address, such as defining its role in the post-Cold War era, respecting national sovereignty, establishing legal definitions for aspects of peacekeeping operations, and improving communications in the peacekeeping process.

Zhang argued that there is too much Western and U.S. influence in UN peacekeeping operations, noting that the United Nations has gained greater power as a result of the end of the Cold War but has not attained independence. He developed the view that Western countries, led by the United States, dominate the Security Council and other core UN bodies, and have given Security Council resolutions a decidedly Western cast,

arguing that UN peacekeeping operations in Haiti and Somalia were overwhelmingly influenced by the United States, and for a time, operations in the former Yugoslavia were dictated primarily by the interests of the United States, France, Britain, and other European countries. This influence, Zhang charged, has often forced the United Nations into a passive position when deployments and action are called for. When mistakes and problems subsequently arise, it is the United Nations as a whole, rather than the specific members responsible for the mistakes that are blamed. At the same time, the views of the other UN member nations are "neither sought nor accepted."

Zhang identified insufficient funds and resources as the United Nations' most serious immediate problem. With the cost of the vast majority of peacekeeping operations shared among member nations and half being borne by the five permanent members of the Security Council, he noted that funding has become an especially critical problem as "the United States, Russia, and other countries" have delayed sizable payments. With only 70 of the United Nations' 180 member nations contributing troops, he noted that manpower and resource shortages are becoming increasingly acute as the riskiness of peacekeeping operations increases and contributors increasingly face apprehensions about contributing resources. Acknowledging that many operations are merely scraping by, he reiterated the Secretary General's warning that the United Nations will not be able to carry out any additional large-scale peacekeeping operations in the near future.

Zhang was especially critical of what he sees as the UN's failure to distinguish between keeping the peace and using force to bring about peace. Peacekeeping operations, he asserted, are meant to contain situations that have basically stabilized so that other peaceful means can be used to resolve the conflicts; they are not intended to resort to force to stop fighting to bring about peace. He criticized the United Nations for an "undue emphasis on the use of military force" in Somalia and the former Yugoslavia, and argued that these operations resulted in "chaos." Noting that while the use of force to bring about peace in the Somalia operation is provided for under Article Seven of the UN Constitution, he observed that the actual action taken there was treated as a peacekeeping operation.

Zhang maintained that the "increasing clout" of the United Nations and the success of some of its peacekeeping operations have proved problematic as they have led the Security Council to view peacekeeping operations as a universal panacea. Criticizing the Council for overlooking the special nature and limitations of these operations, he accused it of making such policy mistakes as "ignoring the feelings of the conflicting parties about UN intervention," intervening "with undue haste," and failing to give adequate consideration to the operation's feasibility. Zhang also charged

that the United Nations often finds itself reacting passively to conflicts because the Security Council frequently fails to appreciate the complexity of the situations and potential consequences.

Turning to issues the United Nations should address regarding peacekeeping operations, Zhang argued that because of the increasing demands generated by the changing international situation, the United Nations should define its peacekeeping role for the post-Cold War era. He argued that the organization should face up to this "urgent task" by summing up its peacekeeping experiences, resolving the existing problems with peacekeeping operations, adjusting to the fluctuating international situation, and playing a more effective and proactive role in safeguarding world peace and security.

Zhang dismissed the suggestions of "some, mainly Western countries" that the United Nations not be limited by the principle of national sovereignty and that it be granted authority to make "humanitarian intervention." Arguing that such suggestions "have no legal foundation and will not work," he blamed the recent rapid escalation of UN peacekeeping operations on the preponderance of these views. He also urged the United Nations to observe the principles of its constitution, particularly the principle of respect for a nation's sovereignty and territorial integrity.

To ensure that peacekeeping operations develop "on the right track," Zhang urged that the United Nations needs to bear in mind that it "is not the world's government" and "should not try to be the world's policeman." He warned that UN decisions must genuinely reflect the wishes of the vast majority of its members, arguing that the United Nations will not receive wide support if it becomes the tool of a small number of its members for the protection of their own interests.

Zhang also urged the United Nations to draw up a legal document defining the concept of peacekeeping operations. Contending that a major problem has been the lack of legal definitions for these issues and the ad hoc practice of just making up the rules and procedures along the way, he wrote that the legal document should state the following: that peacekeeping operations be defined as a peaceful means by which to resolve conflicts; that consent must be obtained from the conflicting parties concerning peacekeeping activity; that the United Nations must maintain impartiality and neutrality and not employ military force; and that guidelines be established for monitoring the implementation of these principles.

Zhang also stressed the need for the United Nations to improve communication between the various links of the peacekeeping operations so that they can be carried out effectively and reflect a united command. He called for a larger voice for member nations in the drafting of Security Council resolutions, particularly for those countries affected by the conflict, to ensure "greater representation and authority" in the resolutions. He also recommended developing procedures for feedback from the

field so that the Security Council and all members can understand the changing situation on the ground and thus be better positioned to make adjustments and deployments. He went on to call for unimpeded communication between the Secretariat and the nations that are sending troops so that the concerns and difficulties of both sides can be promptly understood and resolved.

Making the point that peacekeeping operations are only one of many methods the United Nations can use to settle disputes, Zhang urged that they be used as part of a package solution to resolve conflicts. Arguing that "peacekeeping is not a goal but a means to a goal," he advocated that peacekeeping operations should be augmented by dialogue, mediation, and other political and diplomatic efforts. In Zhang's view, the use of force to bring about peace should only be used as a last resort when extreme actions, such as a military invasion, threaten world peace and security.

United States & Canada

Column Views Carter's Bosnian Peace Initiative

HK2112030094 Beijing RENMIN RIBAO in Chinese
19 Dec 94 p 6

[From the "News Analysis" column by staff correspondent Hu Xijin (5170 6932 6651)]: "Bosnia-Herzegovina Is Not Haiti and Carter Has a Tough Mission"]

[FBIS Translated Text] Belgrade, 17 Dec (RENMIN RIBAO)—Former U.S. President Carter hit the headlines this year with successes in resolving the Korean peninsula nuclear crisis and the Haitian crisis. But there was little enthusiasm among European countries for his current trip to B-H as he was preparing to take to the road.

Bosnian Serb leader Karadzic announced on 14 December his invitation for Carter to mediate and, as a good-will gesture, a six-point peace proposal accompanied the invitation, which chiefly concerns a cease-fire in Sarajevo and improving relations between the Serbs and the peacekeeping force. In May last year, Karadzic requested that Henry Kissinger, former U.S. secretary of state, and Gorbachev, former Soviet leader, mediate but this did not result in anything. This time he chose Carter, senior statesman of the U.S. Democratic Party, reportedly for the following reasons: One, he had been disappointed with Russia, France, and Britain and thought the United States wielded the greatest influence on the Bosnia-Herzegovina issue and was able to exert direct pressure on the Muslims. He wanted to use the invitation to turn around the entire U.S. policy on the Serbs and the Bosnia-Herzegovina crisis. Two, exploiting contradictions between the United States, Europe, and Russia to cause the five nations to make substantial adjustments to the peace plan.

U.S. officials stressed that Carter's mediation was purely a "private effort" in trying to distance the United States

from his trip. But public opinion generally sees Carter's trip as an opportunity to score a victory for U.S. diplomacy. For a time, the United States was opposing France, Britain, and Russia over the Bosnia-Herzegovina issue. The three opposed the United States to unilaterally lift the arms embargo on Bosnian Muslims. Their foreign ministers had visited Belgrade and built up a communication channel with Serb leader Milosevic, which had enabled them to play the "Yugoslavia" card. This time the United States can play the "Karadzic card" with Europe through the "Carter operation." Such a move surprised Europe. France, Britain, and Russia said nothing in their response regarding Karadzic, though they refused his six-point peace proposal, saying that any mediation must be based on joint decisions by the contact group.

Media opinions vary on the possible results of Carter's mediation. Some believe that with successes in the Korean peninsula and Haiti behind him, Carter may become the key element in breaking the stalemate in the Bosnia-Herzegovina peace process. However, a lot more are not optimistic, pointing out that the Korean Peninsula and Haitian crises were contradictions between the United States and the host countries and no other powers were involved. Whereas in Bosnia-Herzegovina the United States, Russia, and the European Union are contending, Carter's mission is obviously much more difficult. Moreover, Bosnian internal factors and the details of the peace plan are all very complicated. Carter has to unravel a series of "dead knots" and maneuver with all parties in the conflict. His mediation mission is fraught with hazards.

Chinese, U.S. Banks To Finance Shanghai Gas Project

OW1912135394 Beijing XINHUA in English 1246
GMT 19 Dec 94

[FBIS Transcribed Text] Beijing, December 19 (XINHUA)—A loan agreement for the amount of 38.88 million U.S. dollars was signed here today between the Bank of China and Chase Manhattan Bank of the United States to finance the naphtha gasification project in Pudong, Shanghai.

The financing, mainly the export credit of the Italian government, will be used to import gas equipment supplied by the Italian company Siirtec Nigi, combined with the technology from the British company Babcock.

The project involving a total investment of more than 700 million yuan, is expected to allow a daily distribution of 2.1 million cubic meters of gas to Shanghai residents, after completion in 18 months. The gas supply will cover one-fifth of the total needs of Shanghai urban population, and thus it will be the biggest town gas project using naphtha as gas source ever established in China.

Central Eurasia

Russian Troops Near Chechen Capital Grozny

OW2012131494 Beijing XINHUA in English 1306
GMT 20 Dec 94

[FBIS Transcribed Text] Moscow, December 20 (XINHUA)—Russian troops are nearing the rebel Chechen capital of Grozny according to reports reaching here today.

The unconfirmed reports said that a northern group of Russian troops bypassed positions held by rebel Chechen fighters near the village of Petropavlovskaya earlier today and are advancing swiftly towards the Chechen capital.

At 13:00 Moscow time (10:00 GMT), a column of Russian tanks and troops were moving towards the bridge across the river Sunsha, 10 kilometers from Grozny's eastern suburbs, the reports said.

Meanwhile, the Government press service said, two other columns of Russian troops have tightened the blockade of the Chechen capital.

Panic is seizing Grozny now, the government commune claimed.

NPC Vice Chairman Meets Belarusian Visitors

OW1712091794 Beijing XINHUA in English 0845
GMT 17 Dec 94

[FBIS Transcribed Text] Beijing, December 17 (XINHUA)—Li Ximing, Vice-Chairman of China's National People's Congress (NPC) Standing Committee, met with a delegation from the State System Construction Commission of the Supreme Soviet of Belarus, here this afternoon.

The 10-member delegation, led by Mikhail A. Kazyuchys, Deputy Chairman of the Commission, are here on a visit to China as guests of the NPC Subcommittee for Internal and Judicial Affairs.

XINHUA Interviews Latvian President on Bilateral Ties

OW2012133094 Beijing XINHUA Domestic Service in Chinese 1259 GMT 18 Dec 94

[By reporter Sun Zhanlin (1327 0594 2651)]

[FBIS Translated Text] Almaty, 18 Dec (XINHUA)—Latvian President Guntis Ulmanis pointed out during an interview with a XINHUA reporter here on 18 December: Latvia attaches importance to developing its relations with the People's Republic of China. The bilateral relations have entered a new stage, thanks to concerted efforts made by both sides.

President Ulmanis was making a short stopover in Almaty, capital of Kazakhstan, on his way to visit China. He said: During his visit in China, he will hold talks with

Chinese leaders on bilateral relations and other issues. The two sides are expected to sign a series of documents on the development of political relations and economic cooperation.

He pointed out: After the disintegration of the former Soviet Union, the three Baltic nations, as sovereign states, began to establish friendly and cooperative relations with China. The official visits to China by the presidents of Lithuania and Estonia in recent times have made it possible for Baltic nations to bring their friendly relations with China even closer. He is convinced that his current visit to China as head of a Latvian delegation will bring about a new motive force for further development of bilateral relations, and open a new chapter in Latvian-Chinese relations.

Southeast Asia & Pacific

'Yearender' Views ASEAN Development in '94

OW2012132994 Beijing XINHUA in English 1220
GMT 20 Dec 94

["Yearender: ASEAN Gains Rapid Development in 1994"]

[FBIS Transcribed Text] Beijing, December 20 (XINHUA)—The 27-year-old Association of Southeast Asian Nations (ASEAN) has gained significant progress this year in its development in all sectors, especially in economy and security.

Major changes have taken place in ASEAN's function as well as in the nature, scope and level of cooperation among its member countries, and such cooperation seemed remarkable in security and economic affairs.

The establishment of the ASEAN regional forum in July this year showed that their member countries always bear in mind that some unstable elements remain in the region after the Cold War. The ASEAN groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

They have reached the consensus that the precondition for the economic prosperity of ASEAN countries is to enhance consultations on their security cooperation and to re-define their positions in the changing world and regional order.

The ASEAN regional forum, which focused on security and preventive diplomacy in the region in the post-Cold War era, indicated that its member nations want to develop their consultative relationship with other South-eastern countries—Vietnam, the Laos [as received], Cambodia and Myanmar [Burma].

The significance of the 27th ASEAN ministerial meeting in July and the following regional forum lies in the fact that it was the first time that foreign ministers of all the 10 Southeast Asian countries gathered together.

And the first ASEAN regional forum, which is regarded as a meeting of the highest level with the biggest attendance on the security of the region, will play an important role in peace, stability and cooperation in Southeast Asia and the future development of ASEAN.

At the ministerial meeting, the ministers also reiterated their commitment to building a Southeast Asian community through common membership in ASEAN.

The expansion of ASEAN, proposed by ASEAN member countries and the three Indochinese countries of Vietnam, the Laos and Cambodia and Myanmar at an informal meeting in Manila in the first half of this year, is a natural reaction to the fast-changing world order and regional situation and the economic development of ASEAN countries.

The proposal for ASEAN's expansion was aimed at promoting peace and prosperity in the Asia-Pacific region, establishing and strengthening cooperative ties between Southeast Asian countries in the economic, political, security and cultural fields and further developing ASEAN's relationship with other Southeast Asian countries.

As a concrete step toward the expansion, the ministers agreed at the ministerial meeting this year to admit Vietnam in principle as the seventh ASEAN member.

ASEAN has also stepped up its effort to build a free trade zone. It had originally planned that such a zone should be established in 15 years. However, it decided at a meeting this year to shorten the period to 10 years, meaning that such a free trade zone should take shape by 2003.

ASEAN's purpose in establishing its own free trade zone is not uncommon—to increase the level of economic cooperation and complementarity of the region and enable ASEAN to exert more influence in the world as a whole.

Growth triangles, which have enabled ASEAN countries to fully use their natural resources and benefit from economic complementarity with neighboring countries, have featured the ASEAN economies, most of which (except that of the Philippines) have been growing at a fast average rate of 7 percent in recent years.

The Singapore-Indonesia-Malaysia growth triangle has taken shape. And ASEAN is planning the Malaysia-Indonesia-Thailand growth triangle and the Philippines-Malaysia-Brunei-Indonesia triangle.

Facing the fast-changing world political and economic order, ASEAN countries have realized that to obtain further growth, they must develop market outside their territories and gradually reduce their gaps with developed countries while enhancing coordination and cooperation among themselves.

Only in this way, can a more prosperous, peaceful and stable ASEAN play a more significant part on the political and economic stage of the 21st century.

'Yearender' Views Intra-ASEAN Cooperation

OW2112113394 Beijing XINHUA in English 1049
GMT 21 Dec 94

["Yearender" by Wang Xingqiao: "Intra-ASEAN Cooperation Gains Momentum"]

[FBIS Transcribed Text] Hong Kong, December 21 (XINHUA)—The Association of Southeast Asian Nations (ASEAN) is reaping an initial harvest from the efforts to speed up economic cooperation among its members.

The six ASEAN members—Singapore, Malaysia, Thailand, Indonesia, Brunei and the Philippines, may post an average economic growth of 7.4 percent this year, as against the 6.5 percent in 1993, according to latest estimates of the Asian Development Bank and the Organization of Economic Cooperation and Development.

Experts attribute this good economic performance to increasing intra-regional economic cooperation and greater influx of foreign investment in addition to a stable political climate.

To accelerate intra-regional economic cooperation, the grouping decided on September 21 to shorten the duration of realization of ASEAN Free Trade Area (AFTA) by five years, from 2008 to 2003.

Early this month, ASEAN officials agreed on a tax reduction of unprocessed agricultural products for AFTA, and three proposed lists, after modifications by the ASEAN members, will be submitted to the AFTA council meeting in April 1995.

Back in June, the six ASEAN countries agreed that they will not compete each other in inviting foreign investors. The agreement was reached in view of the ever tougher competition worldwide and for the benefit of the ASEAN region as a whole.

In November, ASEAN economic ministers decided to increase cooperation on cross-border energy flow to eventually realize the ASEAN super grid, and a study on a master plan for attainment of this goal is being conducted by Indonesia.

ASEAN members have also embarked on cooperation in telecommunications by standardizing their information and technologies in the field, which would improve the operational efficiency and speed of joint editorial activities among the ASEAN media such as exchange of news, establishment of inter-linkages in news handling and transmission facilities or news transmission network.

Growth triangles, hailed as a successful form of sub-regional cooperation in the region, have made notable progress this year.

A remarkable example is the East ASEAN Growth Area (EAGA), the largest sub-regional economic program formed in March, which covers Brunei, Indonesia's

North Sulawesi and Kalimantan, the Philippines' Mindanao and Malaysia's Labuan, Sabah and Sarawak with a combined area of nearly 750,000 square kilometers and a combined consumer market of about 40 million.

At the first EAGA conference held in November in Davao City of the Philippines, some 500 million US dollars worth of joint venture agreements and other business deals were forged, involving construction supply, fishing, furniture manufacturing, tourism, cargo handling and mining sectors.

Philippine President Fidel Ramos described his vision of the future EAGA as a "borderless economic zone in real and concrete terms," where there will be no distinction between domestic and foreign investments and business.

On December 16, the Fourth Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) Ministerial Meeting ended in Penang, Malaysia, with 20 memoranda of understanding (MOUs) signed.

Under the MOUs, some 1.3 billion U.S. dollars will be invested in the IMT-GT, which comprises North Sumatra of Indonesia, four northern states of Malaysia and five southern provinces of Thailand with a combined population of 22 million.

The Asian Development Bank has identified some 100 projects for implementing the IMT-GT, which will cost 15 to 20 billion U.S. dollars in the next decade.

Foreign direct investment in East Asia and the Pacific region soared to 36.5 billion dollars in 1993 from 3.5 billion dollars in 1986, while ASEAN attracted almost a quarter of all flows to the region in 1993.

In addition to the inflow of outside funds, there has also been an expansion of intra-East Asian investment, which, as ASEAN Secretary-General Ajit Singh put it, "will continue to oil the engine of growth and will be the key to sustain it."

Given the favorable internal and external conditions, observers believe that ASEAN will remain the world's fastest growing region in the years to come so long as the momentum of cooperation among its members and with outside partners is maintained.

Li Peng's 26 Dec Burma Visit To Expand Cooperation

HK2112064394 Hong Kong TA KUNG PAO in Chinese
21 Dec 94 p 3

["Political Talk" column by Shi Chun-yu (2457 0689 3768): "Li Peng To Visit Burma By End of Year"]

[FBIS Translated Text] Revisiting a Close Neighbor By End of Year [subhead]

The Chinese Foreign Ministry spokesman announced on 15 December that Li Peng, premier of the State Council, will visit Burma from 26 to 28 December. This will be a

year-end visit to Burma, a neighbor of China, by the Chinese head of government in 1994.

Linked by common mountains and rivers, the two countries and peoples of China and Burma have got on well with each other in the past. As early as the beginning of the 1950's, former Burmese Prime Minister U Nu and the late Chinese Premier Zhou Enlai, together with India and other countries, put forward the highly prestigious "Five Principles of Peaceful Coexistence" at the Bandung Conference. Half a century has passed since then. Although Burma is a small Buddhist country in southeast Asia, it occupies an important position in this region.

However, in recent years, Burma has been ruled by a military regime. Both former President Ne Win and the current federal Prime Minister Than Shwe are servicemen. The military rank of Prime Minister Than Shwe is that of general. He also holds the concurrent post of chairman of the "State Law and Order Committee."

China-Burma Trade Reaches \$800 Million Annually

Although China and Burma have different social systems, the two governments have maintained good-neighborly and friendly relations since the founding of New China. Over the past decade, because of the great impact produced by China's policy of reform and opening up, nongovernmental trade along the China-Burma border has become unprecedentedly prosperous. The volume of trade between Yunnan and Burma has increased from \$15 million 10 years ago to \$800 million last year. Especially in Ruili, a city in Yunnan on the Yunnan-Burma border, merchants from both countries have been busily shuttling back and forth and all streets and lanes are filled with all kinds of commodities, including articles of daily use and household electrical appliances. Most merchants coming to this city are from Burma. Such flourishing commercial exchanges in a Sino-Burmese border city have never been seen in the past. China's policy of opening up has naturally benefited its neighboring countries.

As everyone knows, the Burmese Than Shwe regime is a military regime. However, Western countries support the female politician, Aung San Suu Kyi, a Nobel Peace Prize winner. They have even adopted a policy of economic sanctions and isolation toward Burma, which has greatly harmed the economy and foreign trade of this country.

With such a background, in view of the fact that both countries are close neighbors and the two peoples have been getting along in a friendly manner, it is a natural result that the Than Shwe government wishes to further develop trade with China. Strictly observing the "Five Principles" for handling state relations, China never interferes in any affairs which belong to the internal affairs of Burma. Great Significance of the New Yunnan-Burma Highway [subhead]

Some years ago, an area in southern Ruili, Yunnan Province, was designated as a "special economic development zone" and a bridge was built across the river between Burma and Ruili. On the river bank, there are several new high-rises and shopping arcades. China is extending the substantive benefits and influences of its open policy toward southeast Asia and the Indochina Peninsula through Burma. This is being followed with interests by the ASEAN countries.

Kunming and Burmese Lashio are now linked by the Yunnan-Burma Highway via Dali and Ruili. There is another highway linking Ruili and northern Burma. Today's Yunnan-Burma Highway is much superior to the old Yunnan-Burma Highway in wartime.

Economically, Li Peng's Burma visit at the end of this month will help further expand cooperation between the two neighboring countries. Politically, the direct contact between the two heads of governments will help promote mutual understanding and dispel the groundless misgivings of some ASEAN countries, who think China's economic development may change China into a big military power.

Near East & South Asia

Jiang Zemin Appoints New Ambassador to India

OW2112110694 Beijing XINHUA in English 1045
GMT 21 Dec 94

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—Pei Yuanying was today named as the new Chinese ambassador to India in succession to Cheng Ruisheng.

The appointment were made by President Jiang Zemin on the decision of the Standing Committee of the National People's Congress.

'Yearender' Views Sri Lanka in Election Year

OW2012134194 Beijing XINHUA in English 1105
GMT 20 Dec 94

["Yearender" by Hu Guangyao: "Sri Lanka's Election Year"]

[FBIS Transcribed Text] Colombo, December 20 (XINHUA)—Sri Lankan people this year took part in two major elections, parliamentary and presidential, to bring about a change in the government after a 17-year rule by the United National Party (UNP).

Both elections were won by the People's Alliance (PA), a multi-party, left-of-center coalition headed by the Sri Lanka Freedom Party (SLFP), which had been in opposition since 1977.

At the parliamentary polls on August 16, the PA won 105 out of the 225 seats while the UNP, the largest single political party in the country, obtained only 95 seats as against the 125 seats it held while in government.

As the PA did not obtain an outright majority, it had to seek the support of other parties to form a government. The support came from The Sri Lanka Muslim Congress which obtained 7 seats in the parliamentary election, and another independent member.

And the new government with Chandrika Kumaratunga as Prime Minister had only 113 votes then in parliament. With the election of a government member as the house speaker, the voting strength in parliament stood at 112 each for the government and the opposition.

Moreover, the then Executive President D.B. Wijetunga was a member of the opposition UNP and was also the commander of the armed forces while holding the finance ministry portfolio. Therefore, it was critical for the PA to win the November 9 presidential election.

However, PA candidate Chandrika Kumaratunga, 49, daughter of former prime ministers Mr. S.W.R.D. and Mrs. Sirimavo Bandaranaike, was elected the country's third executive president with over 62 percent of the total votes, defeating her rival UNP candidate Srimala Dissanayake, widow of opposition leader and presidential candidate Gamini Dissanayake who was killed in a bomb blast at an election campaign meeting on October 24.

Kumaratunga's overwhelming victory consolidated the position of the PA and its coalition government.

Political analysts here ascribed the fall of the UNP to increasing corruption in its ranks, long-standing ethnic conflict, deterioration of the social order and widening gap between the rich and the poor.

During the last 11 years under the UNP regime, the ethnic conflict escalated with the rebel Liberation Tigers of Tamil Eelam (LTTE) waging a guerrilla war for a separate Tamil state in the north and east of the country.

The ethnic war has not only claimed tens of thousands of lives but also devoured billions of dollars from the country's limited coffers.

Having failed to achieve a peaceful settlement of the conflict, the UNP government seemed to have entered a blind alley on the issue and instead resorted to military means.

On the economic front, though voters were not critical of the UNP's market economy and its performance on the whole, unprecedented corruption and high cost of living, which especially affected the middle and lower classes, eroded UNP popularity.

With a pose of more flexibility than UNP leaders, Kumaratunga, in her election manifesto, pledged to deal with corruption, find a solution to end the war through peace talks with the rebels, bring down the cost of living, control inflation and abolish the controversial executive presidency.

Once in the saddle, she got off to a good start by slashing prices of several essential commodities such as bread, lentils, sugar, kerosene and diesel oil.

The new president also launched peace talks with the LTTE which suspended activities following the assassination of Gamini Dissanayake.

She set up a whole range of commissions to carry out what she promised in the elections while introducing legislation to contain bribery and corruption and taking measures to clean up the administration.

As weeks passed by, her efforts seem abortive with problems cropping up as a spate of wildcat strikes disrupted the industrial sector, sending the stock market into chaos.

Besides, the government is now faced with a staggering budget deficit arising from the implementation of welfare measures such as wage increase and subsidies.

Kumaratunga explained to her parliamentary group that the present deficit of 47 billion rupees (about 940 million U.S. dollars) will rise to 57 billion rupees (about 1.14 billion U.S. dollars) by the year's end and to 67 billion rupees (about 1.34 billion U.S. dollars) next year.

She called for financial discipline among her ministers to overcome the difficulty and told the parliament that the bread subsidy expected to cost 5.3 billion rupees (about 160 million U.S. dollars) would have to go.

With the peace process being the prime objective, the government plans to resume peace talks with the LTTE at the end of the year.

Recently, the government and the rebels agreed to a ceasefire in principle. However, observers here believe the peace process will be a very tough one as the LTTE has not yet given up its demand for independence while the government troops are still wary of the peace moves.

Sub-Saharan Africa

Chad President I. Deby Visits Beijing

Jiang Zemin Meets With Deby

OW1612140394 Beijing XINHUA in English 1336
GMT 16 Dec 94

[FBIS Transcribed Text] Beijing, December 16 (XINHUA)—Chinese President Jiang Zemin said today that China values friendship with the Republic of Chad and seeks to enhance bilateral friendly and cooperative relations in all fields.

While holding talks with his Chad counterpart Colonel Idriss Deby at the Great Hall of the People, Jiang described Deby's visit as "epitomizing profound friendship" between the two peoples.

"Our bilateral ties will be lifted up to a new level" through the visit, Jiang said, making special note of the

wide-ranging and "satisfying" cooperation that has existed between the two countries since they forged diplomatic ties more than 20 years ago.

Deby said that bilateral cooperation has been very successful and has won popular praise from his people. He expressed appreciation for the tremendous efforts of China in rendering assistance to the central African country.

On the economic front, Jiang said that China is ready to explore new avenues of mutually beneficial collaboration and to give full rein to all possibilities.

"We are quite interested in further cooperation and exchanges in the fields of education and medicare," Jiang added.

Deby told Jiang that the visit is aimed at expanding "fruitful" cooperation in all spheres through the introduction of advanced technology and capital from China. Chad is committed to the principle of establishing ties with China, he said, and recognizes only one China—the People's Republic.

Jiang voiced his appreciation for this stance of the Chad government, and, referring to the African situation, said that it was his belief that the people there will ultimately overcome temporary difficulties and move toward economic rejuvenation.

After the talks, the two presidents witnessed the signing of an economic and technical cooperation agreement between the two governments.

Deby and his wife Halime arrived here today for a six-day state visit at the invitation of Jiang, who had hosted a ceremony this afternoon to welcome the Chad president, prior to the talks.

Qiao Shi Meets Deby

OW1712125694 Beijing XINHUA in English 1239
GMT 17 Dec 94

[FBIS Transcribed Text] Beijing, December 17 (XINHUA)—Chinese top legislator Qiao Shi said today that enhancing unity and cooperation with African and other developing countries remains the bedrock of China's foreign policy of peace.

During his meeting with Chad President Idriss Deby at the Great Hall of the People, Qiao, chairman of the Standing Committee of the Chinese National People's Congress (NPC), said that China attaches great importance to its ties with the central African nation.

Since the two countries forged their diplomatic ties some 20 years ago, bilateral cooperation has "enjoyed constant growth and the prospects are broad," Qiao said.

He voiced the hope that Sino-Chad relations will become a paragon of friendship and cooperation among the developing countries.

Deby agreed with Qiao, adding that it is increasingly important for the developing countries to augment their cooperation.

Chad and China have a tradition of friendship as well as a solid base for cooperation, which have won high esteem from the people of Chad, Deby said.

The visit is aimed at enhancing good ties and tapping further the possibilities of cooperation between the two countries, he added.

The Chad president and his wife Halime are here for a six-day state visit, starting from Friday [16 December].

Chad President Visits Guangxi

*OW1912105994 Beijing XINHUA in English 1035
GMT 19 Dec 94*

[FBIS Transcribed Text] Nanning, December 19 (XINHUA)—Visiting Chad President Idriss Deby and his wife visited Nanning city, capital of southwest China's Guangxi Zhuang Autonomous Region, here today.

When visiting the Nanning Walking Tractor Factory, Deby said that Chad, a large agricultural country enjoying many similarities with Guangxi, needs a large amount of farming machines. He expressed great interest in the products of this factory.

Speaking highly of the results by scientists and researchers with the Guangxi Academy of Agricultural Sciences, Deby noted that studies on agricultural sciences are related to people's lives.

Chinese agricultural specialists are helping his country plant rice, he said, adding that he believes the two countries will have more cooperations in agriculture.

Deby and other Chad guests also toured some scenic spots here.

The Chad visitors arrived here yesterday afternoon for a visit to Guangxi.

Egypt-PRC Trade Center Established in Port Said

*SK1712065594 Tianjin People's Radio in Mandarin
2300 GMT 16 Dec 94*

[FBIS Translated Text] The Egypt-China Trade Center, jointly organized by Tianjin Municipality and the Egypt-Arab State Investment Company, began business in Port Said, Egypt on 15 December. The Tianjin Export Commodity Fair, sponsored by the Tianjin Foreign Trade and Economic Cooperation Commission, also opened there on the same day. Participating in this fair are 11 foreign trade companies from Tianjin. On exhibition are more than 300 varieties and 4,000 specifications of commodities. These commodities have been unanimously praised by personages from local industrial and commercial circles. This is the first large trade fair ever held by Tianjin in Egypt.

Source Says Mandela Re-Elected ANC President

*OW2012065994 Beijing XINHUA in English 0648
GMT 20 Dec 94*

[FBIS Transcribed Text] Johannesburg, December 20 (XINHUA)—Nelson Mandela has been re-elected President of the ruling African National Congress (ANC) at the party's ongoing 49th national conference in the central city of Bloemfontein, a local source told XINHUA correspondent.

ANC National Chairman Thabo Mbeki was elected Deputy President of the party to take over the duty from Walter Sisulu, who announced his resignation from the post earlier.

ANC Secretary General Cyril Ramaphosa remain at his post, according to the same source.

NPC Chairman Qiao Shi Meets S. African Legislator

*OW1612133594 Beijing XINHUA in English 1316
GMT 16 Dec 94*

[FBIS Transcribed Text] Beijing, December 16 (XINHUA)—A senior Chinese leader said here today that China takes a positive attitude towards the development of its relations with South Africa.

Qiao Shi, Chairman of the Standing Committee of the National People's Congress (NPC), made the remarks in a meeting with Leon Wessels, deputy chairman of the Constitutional Assembly of South Africa.

Qiao told the visiting South African legislator that China has been following closely the developments in South Africa, and that "the Chinese people are very happy with the results of the general elections in South Africa earlier this year."

Qiao said that South Africa is now faced with favorable conditions, and expressed the belief that the new government would formulate policies best suited to the country's real conditions so as to speed up its economic growth.

The Constitutional Assembly, jointly formed by South Africa's National Assembly and the Senate, is in charge of the designation and revision of the constitution.

Wessels' visit is aimed at gaining greater understanding of China's development since the implementation of the reforms and opening to the outside world some 15 years ago. Wessels was also expected to exchange views with Chinese officials on issues of common concern.

Qiao extended a welcome to Wessels and briefed him on China's policies and experiences in its reforms and opening up, in its legislation relating to economic growth, and the system of the National People's Congress.

Wessels, who arrived here Wednesday as a guest of the Chinese People's Institute of Foreign Affairs (CPIFA), said that he has witnessed the "amazing achievements" China has made and his visit has helped increase mutual understanding.

During his stay in Beijing, he had meetings with Liu Shuqing, president of the CPIFA, and officials from the State Commission for Restructuring the Economy and the Ministry of Foreign Affairs.

Political & Social**NPC Standing Committee Opens 11th Session****Qiao Shi Chairs**

*OW2112112094 Beijing XINHUA in English 1108
GMT 21 Dec 94*

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—The Standing Committee of the Eighth National People's Congress (NPC), China's legislature, convened its 11th session today.

Qiao Shi, Chairman of the NPC standing committee, presided over the opening today.

On top of the agenda is the draft decision on holding the third annual session of the eighth NPC next year.

The session will also discuss the draft education law and police law.

The education law provides the legal framework for the country's reform of the educational system, and defend the people's right to education while the police law regulates the rights and responsibilities of policemen and individual citizens.

The police law is considered as vital to safeguarding the national security and public order and the country's continued efforts to open up and reform.

The session will also examine a law on the People's Bank of China, the first central bank law in China, and return it to the State Council for submission to the NPC plenary session for adoption next year.

Other matters to be discussed at the session include the draft commercial bank Law, the draft prison law, the judge law, the procurator law.

The electoral law and the organic laws on the people's governments at all levels will also be revised.

These laws will help further promote China's democratic political system, and improve the people's congress system.

At today's session, four international agreements signed by the government were discussed.

NPC Committee Studies Laws

*OW2112104894 Beijing XINHUA in English 1002
GMT 21 Dec 94*

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—Two laws concerning China's electoral and government systems are to be revised as part of an effort to improve democracy and the country's people's congress system, XINHUA learned today.

These are the "Organic Law of the Local People's Congresses and the Governments at Various levels" and

the "Electoral Law of the National People's Congress and the Local People's Congresses."

At today's 11th session of the eighth NPC Standing Committee, Gu Angran, director of the committee's Legislative Affairs Commission, made an explanation to the draft revisions of the two laws.

In revising the electoral law, said Gu, attention was paid to the changes in the proportion of the urban population to the rural population, changes that have resulted from China's political and economic development in recent years.

The current law provides for the number of people represented separately by deputies from the countryside and deputies from cities to be in a ratio of five to one at the provincial people's congress. The corresponding ratio for the National People's Congress is eight to one.

The draft, however, calls for changing the ratio to four to one for the people's congresses at both the national and provincial levels.

The draft also provides for a base figure for the number of deputies to the local people's congresses at each level, which shall be augmented in proportion to the size of the population in each locality.

There are also revisions on the procedures for the recall of people's congress deputies and their resignation, Gu said.

On the revision of the "Organic Law of the Local People's Congresses and the Governments at Various levels," Gu said that the draft calls for a change in the number of voters required to recommend a person as a candidate to elections of local government posts.

The number shall be more than 30 for posts at the provincial, municipal and autonomous regional level, over 20 for posts in cities directly under the jurisdiction of provincial-level governments, and over ten for candidates for leading positions at the county and township levels.

Draft Police Law Presented

*OW2112083494 Beijing XINHUA in English 0708
GMT 21 Dec 94*

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—China will soon have a law on the operations and management of its one-million strong police force.

The draft People's Police Law was presented here today to the top legislature, the Standing Committee of the National People's Congress, for deliberation.

"The law will protect both the legitimate rights and duties of policemen and those of individual citizens," Tao Siju, Minister of Public Security, told the law-makers.

Addressing the opening meeting of the 11th Session of the Eighth National People's Congress (NPC) Standing Committee, the minister said that the draft law has been worked out in line with the demands in maintaining national security and social order.

The draft law defines the police as a law-enforcing force under the people's democratic dictatorship.

There is a chapter in the draft law on the supervision over the police. "This is to prevent them from abusing their power," he said.

The draft law includes stipulations similar to those in other countries, ranging from crime investigation, traffic management, and supervision over national computer networks.

Draft Education Law Submitted

OW2112081594 Beijing XINHUA in English 0746
GMT 21 Dec 94

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—China has drafted its Education Law in a bid to ensure the importance of education, carrying out educational reforms, and protecting the people's right to receive a proper education.

A draft has now been submitted to the National People's Congress (NPC) Standing Committee for examination and approval.

When explaining the law at the eleventh meeting of the eighth NPC Standing Committee, Education Minister Zhu Kaixuan said that the law is bound to provide a legislative basis for reforms in the educational system and promote healthy development of education.

The draft, comprising 10 chapters and 81 clauses, sets directives for basic educational institutions, school management, the rights and duties of educators and those educated, as well as expenditure on education and provisions for proper facilities.

It also gives explanations of administrative responsibilities for the founding of overseas-funded schools within the border of China, and for setting up other schools.

The draft further defines the Nine-year Compulsory Education System in legislation, stating that "guardians of school-age children, relevant societies and individuals are supposed to be certain that children receive compulsory education for certain years as specified by the law."

Other forms of education, such as job training and post-school are included in the draft. In addition, governments at all levels are required by the law to take responsibility for wiping out illiteracy.

It encourages enterprises, communities, and individuals to run schools in accordance with the law, and strictly forbids the founding of profit-making schools or other such institutions.

It also empowers all educational institutions to conduct their affairs according to their own regulations, to enroll students independently, to issue academic credentials and to freely choose staff members.

It says that all those in school are equal in terms of enrollment, in entering higher education institutions, and in getting jobs, with special emphasis placed on the fact that women, the disabled, and juvenile delinquents should be viewed as equals in education.

As for expenditures on education, the draft says that the proportion of state funds for education should increase in line with the growth of state revenues.

Education funds will be mainly provided in the form of state financial allocations the draft says, adding that governments at all levels should give appropriate financial support to schools run by non-governmental organizations and individuals.

According to the draft, special funds are to be raised by local governments to help make compulsory education universal in ethnic minority regions, outlying districts, and poor areas.

Referring to the founding of overseas-funded educational institutions in China, the Education Minister said that it is significant for the Chinese educational community to learn from foreign countries about sophisticated management experience.

But he said that no specific ruling on the issue is included in the draft, due to the immaturity of administrative methods. Instead, the draft says that administration of overseas-funded and jointly-run schools are subject to regulations set by the State Council.

Jiang Zemin, Others Address Nie Anniversary Party

OW2112102694 Beijing XINHUA Domestic Service in Chinese 1119 GMT 20 Dec 94

[By reporter Luo Yuwen (5012 3768 2429)]

[FBIS Translated Excerpt] Beijing, 20 Dec (XINHUA)—The Central Military Commission [CMC] held a solemn forum at the Great Hall of the People this morning to mark the 95th birth anniversary of Nie Rongzhen and the publication of his biography, and to cherish the memory as well as to emulate Marshal Nie Rongzhen, a long-tested proletarian revolutionary, strategist, prominent leader of the party and the state, and one of the founders of the Chinese People's Liberation Army [PLA].

Jiang Zemin, CPC Central Committee general secretary, state president, and CMC chairman, spoke at the forum. He said: [passage omitted]

Qiao Shi, Standing Committee member of the CPC Central Committee Political Bureau and National People's Congress [NPC] Standing Committee chairman, attended the forum.

Liu Huaqing, Standing Committee member of the CPC Central Committee Political Bureau and CMC vice chairman, presided over and spoke at the forum. He said: Comrade Nie Rongzhen's historical contributions and noble character won the respect and profound feelings of the whole party, the whole Army, and the people across the country, especially the vast number of intellectuals. It is of great importance to cherish Comrade Nie Rongzhen's great exploits and to propagate his revolutionary spirit and noble character. At present, we should resolutely implement the party's basic line of "making economic construction the central task, upholding the Four Cardinal Principles, and persisting in reform and opening up" and the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee, and should build up our party in various aspects. We should emulate Comrade Nie Rongzhen, carry forward at his behest, and work still harder to modernize national defense and to build a modern, regular, revolutionary army.

In his speech, CMC Vice Chairman Zhang Zhen reviewed the glorious life of Comrade Nie Rongzhen. He said: Comrade Nie Rongzhen, as a veteran party member since the CPC's founding, had always dedicated himself to the cause of the people's revolution and the conviction of communism throughout seven decades. He steadfastly obeyed the party's organizational principle and firmly implemented the Central Committee's decisions. While directing combat, he kept the overall situation in mind, and repeatedly performed distinguished service by using his wits to devise strategies that would assure victory in battles. An devotee of science and leader of scientific and other work, he proceeded in doing everything from reality and consistently implemented the party's ideological line of seeking truth from facts, scoring remarkable achievements. His contributions to founding and building up New China will forever go down in history.

Comrade Nie Rongzhen was born in a village in Sichuan's Jiangjin County on 29 December 1899. He joined the Youth Communist Party of China in August 1922 and the CPC in March 1923. During the years of revolutionary war, he successively held important party and Army posts for a long time. He was the party representative of the 11th Army of the Nanchang Uprising Army, secretary of the Guangdong Provincial CPC Committee's Military Commission, chief of the General Staff of the Central Military Commission, deputy director of the Red Army's Political Department, regiment political commissar of the Red First Army, political commissar of the Eighth Route Army's 115th Division, commander and concurrently political commissar of the Shansi-Chahaer-Hebei Military Region, secretary of the CPC's Shanxi-Chahaer-Hebei Central Bureau, commander of the North China Military Region, and third secretary of the CPC Central Committee's North China Bureau. After the founding of New China, he was acting chief of the General Staff, State Council vice premier and concurrently chairman of the

Science and Technology Commission and National Defense Science and Technology Commission, CMC vice chairman, and NPC Standing Committee vice chairman. At the 11th Plenary Session of the Eighth CPC Central Committee and the First Sessions of the 11th and 12th CPC Central Committees, he was elected a Central Political Bureau member.

At the forum, Zhu Guangya read a written speech by Qian Xuesen. Xiao Ke, Dai Xuejiang, Li Laizhu, and Wu Jinghu also spoke at the forum, cherishing the memory of Comrade Nie Rongzhen's lofty spirits.

Attending the forum were also Song Renqiong, Lu Jiaxi, Wu Jieping, Chi Haotian, Hong Xuezhi, Zhang Wannian, Yu Yongbo, Wang Ping, Wu Xiuquan, Li Desheng, Chen Xilian, Yan Jici, Liao Hansheng, Yang Chengwu, Zheng Tianxiang, and Deng Liqun.

Marshal Nie's wife, Zhang Ruihua, and other family members, as well as representatives of veteran comrades who used to work with Comrade Nie Rongzhen; leading comrades of the central and state organs, the three PLA General Departments, and all major units stationed in the capital; and representatives of the people from all walks of life attended the forum.

Jiang Zemin Speech on Nie Rongzhen

OW2112083394 Beijing XINHUA Domestic Service in Chinese 0914 GMT 20 Dec 94

["Jiang Zemin's Speech at a Forum To Mark the Publication and Distribution of the *Biography of Nie Rongzhen* and the 95th Anniversary of His Birthday (20 December 1994)"]—XINHUA headline]

[FBIS Translated Text] Beijing, 20 Dec (XINHUA)—Comrades:

Comrade Nie Rongzhen was a veteran member of the CPC during the early days after its founding. He was a long-tested proletarian revolutionary, a strategist, an outstanding leader of the party and state, and one of the founders of the Chinese People's Liberation Army. During his 70-year revolutionary career, he made immortal contributions in both the war years and in the period of peaceful construction. He was loved and respected by the whole party, the whole Army, and the people of all nationalities throughout the country.

Comrade Nie Rongzhen had strong communist faith. After he joined the CPC in 1923, he began to take part in the activities of spreading Marxism among part-work, part-study students studying in France and among workers in China. After the failure of the Great Revolution and the setbacks in the Nanchang Uprising and the Guangzhou Uprising, he was not a bit discouraged but rather continued to resolutely engage in very dangerous struggles in areas under the control of the enemy. During the following years of the war, he was always working at the head of others. Especially during critical junctures of the fighting, he personally went to the front lines to

direct operations, frequently reversing the military situation from danger to safety and transforming defeat into victory. He selflessly and dauntlessly devoted himself to the complete liberation of the Chinese people. After the founding of New China, he made outstanding contributions to socialist construction by working arduously day and night. He frequently continued to work although he was ill. Every Communist Party member should strive to learn from and carry forward Comrade Nie Rongzhen's heroic fighting spirit, which originated from his communist faith.

A man with strong organizational and disciplinary awareness, Comrade Nie Rongzhen always subordinated himself to and safeguarded the overall revolutionary interests. Prior to the Guangzhou Uprising, even though he disagreed with the decision to stage the uprising, arguing that the revolutionary situation was at a low ebb, he immediately went all-out to make preparations for the uprising after the Central Committee had made this decision. At the critical moment following the failure of the uprising army, he and Ye Ting resolutely decided to withdraw, thus preserving a part of the revolutionary armed forces. During the Long March, when the Red Army passed through the enemy's third blockade line, he resolutely obeyed the order of the Military Commission and led his troops to capture Jiufengshan, thus guaranteeing the safety of the left wing of the Long March column. After that, he led his troops to take part in the bloody Battle of Xiang Jiang, thus securing the ferry for the column's right wing, providing cover for the central column and parts of the Red Army to cross the Xiang Jiang, and reducing losses. During the initial stage of the War of Liberation, in compliance with the Central Committee's strategic principle of "developing the north and defending the south," he transferred a large number of troops and cadres from Shanxi, Chahar, and Hebei Provinces to support the struggle of creating bases in northeastern China. Later on, he directed a series of campaigns and fighting in northern China, tying down enemy troops inside Shanhaiguan and effectively supporting the operations in the northeastern military theater. Every Communist Party member, especially high-ranking cadres, should also strive to learn from and carry forward Comrade Nie Rongzhen's spirit of heeding the overall situation and his strong sense of organization and discipline.

In directing operations, Comrade Nie Rongzhen always creatively carried out the strategic principles of the party Central Committee and the Central Military Commission by seeking truth from facts and proceeding from actual conditions. In the War of Resistance against Japan, by resolutely implementing the party's principles and policies of vigorously mobilizing the masses to expand the armed forces, launching guerrilla warfare in many areas, setting up political power to resist Japanese aggression, and practicing the united-front tactic, he made important contributions to founding exemplary anti-Japanese bases in Shanxi, Chahar, and Hebei Provinces and to carrying on a sustained war of resistance

against Japan in northern China. During the war of liberation, he resolutely carried out the instructions of the Central Committee and wiped out a large number of enemy troops in the Zhengdalu, Qingfengdian, and Shijiazhuang campaigns by seizing the opportunities and applying the method of mobile warfare. He also summed up experiences in storming heavily fortified positions. In the Peiping-Tianjin campaign, after liberating Xinbaoan and Zhanjiakou on the western front, he was strongly in favor of capturing Tianjin before striving for the peaceful liberation of Peiping. He also took part in the activity of guiding the peace negotiations, thus making important contributions to the peaceful liberation of Peiping. Comrade Nie Rongzhen's important knowledge and viewpoints regarding the art of directing military operations became a part of Mao Zedong Thought on military affairs.

Comrade Nie Rongzhen was not only an outstanding commander but also an outstanding political leader of our Army. During the war years, he made contributions to political work, serving as political commissar or concurrently political commissar for a long period of time. During the War of Agrarian Revolution, the War of Resistance against Japan, and the War of Liberation, he consistently demanded that his subordinates strengthen political work, enlighten the class consciousness of the fighters so they will understand whom they are fighting for, resolutely practice the political commissar system, and strengthen the building of grass-roots party branches. During the period of regularizing and modernizing the armed forces, he proposed that in promoting political work in the armed forces, "it is first necessary to reorganize and strengthen the party. Once the problem of the head and the brain is solved, the body and the limbs will become strong. During the Red Army period, we did this by grasping the party problem." These important theses of Comrade Nie Rongzhen are still important to the current ideological and political building of our armed forces. Strengthening the building of party organizations at all levels, especially the grass-roots party organizations, is a fundamental measure and an important guarantee for strengthening political work in the armed forces.

After the founding of New China, Comrade Nie Rongzhen became an outstanding leader of China's scientific and technological work for national defense. From the early days of the 1950's, with great enthusiasm and a firm and indomitable spirit, he shouldered the heavy responsibility of guiding China's scientific and technological work, carried out arduous tasks of laying the foundation for the development of China's scientific and technological undertakings, and made immortal contributions to the party and the people. In the early days of the 1960's, the country met with serious economic difficulties as the Soviet Union withdrew its experts from China and suspended its technical aid to all sectors. Under these circumstances, Comrade Nie Rongzhen

strongly recommended that the research and manufacturing of guided missiles and nuclear weapons be continued on the basis self-reliance. Mao Zedong, Zhou Enlai, and other central leaders unanimously endorsed and strongly supported his plan. He resolutely carried out the Central Committee's policy decisions and adopted the measures of organizing overall coordination throughout the country, adjusting policies on intellectuals, and tackling key technical problems. In only six years, China developed and manufactured many types of guided missiles, atomic bombs, hydrogen bombs, and also laid down the foundation for the research and manufacture of long-range guided missiles, manmade satellites, and nuclear submarines. These achievements in scientific and technological work and national defense, which have attracted worldwide attention, not only have ensured national security but also have heightened China's international status and have enhanced the national pride of the Chinese people.

Comrade Nie Rongzhen was honest and upright in his ways, strict with himself and broad-minded toward others. For this reason, Comrade Mao Zedong called him an "honest and kind person." He was honest and led a simple life. In particular, his spirit of his willingness to study into old age is impressive. On the last day of his life, while lying on his sickbed, he was still listening to his secretary, who read him the newspaper and documents; he was listening to news over the television and showed concern for important affairs of the party and state. "He will continue fighting until the life goes out"—this embodies the noble spirit of a veteran Communist Party member.

Comrade Nie Rongzhen and all the proletarian revolutionaries who have passed away, their revolutionary spirit, advanced thinking, outstanding work style, noble qualities, and brilliant contributions are valuable assets for comrades of the whole party and people of the whole country, are the motive force propelling us forward, and are important sources of experience and wisdom. Under the present domestic and international situations, an important political task for comrades of the whole party, especially young cadres, is to act in accordance with Comrade Deng Xiaoping's requirements, be worthy successors to the noble spirit of the veteran comrades who persisted in revolutionary struggles, carry forward in a big way the party's fine traditions and fine style of work, and genuinely uphold them. Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, let us unite as one, work hard, and continue to advance China's reform, opening to the outside world, and modernization construction!

Li Peng Meets Delegates to National Conferences

OW2012141694 Beijing XINHUA Domestic Service in Chinese 1116 GMT 19 Dec 94

[By Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391) and XINHUA reporter Sun Benyao (1327 2609 1031)]

[FBIS Translated Text] Beijing, 19 Dec (XINHUA)—Premier Li Peng met with the delegates to the national conference of personnel bureau and department directors and the delegates to the national conference of general office directors of the committees for establishment of governmental organizations in the Great Hall of the People today. He emphasized during the meeting: We should take a further step to do the personnel work well. By constantly improving the socialist legal system, we should establish step by step an administrative and personnel management system which meets the need of the socialist market economic structure, so that government functionaries at various levels will serve the people in a still better way.

Present at the meeting were Hu Jintao, member of the Political Bureau Standing Committee and the Secretariat of the CPC Central Committee; and leading comrades Li Guixian, Luo Gan, Zeng Qinghong, Liu Zhongli and Song Defu.

Li Peng said in his speech: The two national conferences have been well convened. I hope that they will promote the personnel work of the governments at all levels. A central economic work conference has just been held, and the principles for next year's economic work have been set. We should continue to perform the general task of the whole party and the whole country—"seizing opportunity, deepening reform, opening up wider, promoting development and maintaining stability"—correctly handle the relations among reform, development and stability, and achieve a sustained, rapid, and healthy development of national economy. To do a good personnel work is of great significance to correctly handling the relations among reform, development and stability and to promoting economic development.

Li Peng pointed out: The organizational reform of governments at various levels will enter a stage of tackling tough problems next year, and we should basically complete the nationwide task of organizational reform next year. The party committees and governments at various levels should attach importance to the organizational reform and seriously carry it out. The main purpose of organizational reform is to change the functions of governments at various levels, separate government functions from enterprise management, and establish a good personnel hiring system.

On paying attention to implementing the system of public service, Li Peng said: We should pay greater attention to implementing and improving the system of public service and build step by step a personnel hiring mechanism with which people respect knowledge and talent, cadres can perform tasks at various posts and levels, and qualified personnel can show their abilities.

Li Peng said: Most government functionaries at various levels are working for the people diligently and conscientiously. Of course, a small number of them are corrupt. Through organizational reform, we should institute new

laws, improve the legal system, and make the government functionaries at various levels provide better service to the people and meet the needs of our modernization drive.

The national conference of personnel bureau and department directors and the national conference of general office directors of the committees for establishment of governmental organizations closed today.

Li Peng Article on Yao Yilin

OW2112054494 Beijing XINHUA Domestic Service in Chinese 0817 GMT 20 Dec 94

[Article by Li Peng: "My Profound Grief Over Comrade Yao Yilin"—Written on Journey From Sichuan to Hubei on 12 December 1994]

[FBIS Translated Text] Beijing, 20 Dec (XINHUA)—I was shocked to learn Comrade Yilin had died. I am deeply distressed by it and I also deeply regret that, because of my inspection trip away from Beijing, I was not able to see him for the last time before he died.

My first encounter with Comrade Yilin took place when our Army withdrew from Zhangjiakou [in Hebei] in September 1946. There was a transit station in Xiheyang, a town in Wei county, and most of the comrades withdrawing from Zhangjiakou had to pass through there. One elderly comrade from Yanan introduced me to Comrade Yilin, whose position then was secretary general of the CPC Central Committee Shanxi-Chahar-Hebei Regional Bureau. He sincerely cared for me. Although he was not yet 30, he was already a senior leading cadre having experienced major revolutionary events, and I was still a young agricultural technician. The first impression I had was of someone easy-going and reliable. This impression continued during subsequent contacts.

Following the founding of the republic I worked for a long time at grass-roots electricity departments and seldom met Comrade Yilin. My contacts with him became more frequent, however, when I worked at the Ministry of Power during the early eighties, and especially after I became vice premier. I highly respected Comrade Yilin, who was commonly acknowledged as a veteran comrade knowledgeable in economics and who had ample experience in leading economic affairs. After I became premier I regularly solicited his opinion, whenever I had a problem that had to be studied, and he always gave me his view of what was pertinent and firmly supported me, which benefitted me a great deal. While he did not talk much, he spoke concisely and comprehensively, and he could often hit the mark with just a few words. Over the many years when we worked together, Comrade Yilin gave me the feeling that he was both a good colleague and a kind elder.

Comrade Yilin worked for a long time in leading economic affairs. While he had experienced both the successes and frustrations of China's economic development, and was good at summing-up experience, he also

had a profound perception of China's reforms and development. After the new historical period started, he threw himself into reform, opening up, and socialist modernization, and played an important role in these endeavors. He took part personally in investigating and studying the establishment of special economic zones. In 1991, on the basis of his investigation and study, he recommended that the central authorities reduce Shanghai's financial burdens. In early 1991, acting on Comrade Xiaoping's instruction and Comrade Jiang Zemin's view, I asked Comrade Yilin to head persons in charge of relevant State Council departments to conduct another investigation and study in Shanghai. On the basis of his findings, I announced in Shanghai in April of the same year the 10 measures which the CPC Central Committee and the State Council had decided to take to develop and open up Pudong. While leading economic affairs, he attached great importance to analyzing the macroeconomic situation, and he often could see from small things how the situation would develop, and then come up with issues of overall significance.

In the fall of 1988, retrenchment measures had to be taken to deal with overheated economic growth and inflation. Comrade Yilin proposed that retrenchment was essential, and one important measure was the compression of capital construction, but he also said that preparations had to be made to cope with the negative effects, because of which production would decline sharply. In 1990, when the market became weak and soft, he had timely advice on appropriately relaxing the money supply to promote economic growth. While preparing for this year's central economic conference, Comrade Yilin, on the basis of the state financial incomes as well as the new situation caused by economic reform, firmly advocated to separate state and local taxes. Over the many years that Comrade Yilin and I worked together, his spirit of seeking truth from facts was what impressed me most. He never discounted achievements, and he also never tried to cover up actual difficulties and problems. Comrade Yilin was always known for his reliability, and he was persuasive because he never presented his views and suggestions without deliberating on the issues fully and deeply.

Comrade Yilin had many years of experience in participating in revolutionary struggles and he had a firm political stand. On major issues of principle, he always distinguished right from wrong and was never equivocal. At moments crucial for the destiny of the party and state, Comrade Yilin demonstrated the firmness and principled stand of a proletarian revolutionary, and he played an important role in safeguarding the interests of the party and the state and in defending the correct trail blazed by Comrade Deng Xiaoping toward building socialism with Chinese characteristics. He stood as firmly as a strong blade of grass in a strong wind!

Comrade Yilin lived plainly and simply even though he assumed high positions for decades. He was strict with himself but tolerant of others. Anyone who had contact

with him invariably felt his tolerance and sincerity. He was quite successful in finding facts and solving problems through talking to people individually. He was always patient in hearing other people's views, and he acted kindly and persuasively in approaching his subordinates. Comrade Yilin was upright and fair, and the people he used came from all parts of the country, not necessarily those who were close to him. That was why he enjoyed high respect from the vast number of cadres.

Comrade Yilin had been physically weak for a long time, but he insisted on working despite illness, waging a strenuous struggle against illness with revolutionary optimism. I visited him several times after he left office to recuperate at home. I also exchanged views with him on certain important issues. The last time we met was at the Tiananmen rostrum where we watched the fireworks marking the 45th national day anniversary. When I saw his fragility, I expressed great concern for his health and asked him to take good care of himself. He smiled and said he had wanted to come to be part of the grand national day celebrations. I did not expect that to be the last time I saw see him.

Comrade Yilin's death is a major loss to the party and the state, and I, also, have lost a close colleague and kind elder. Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and that of the party's basic lines, let us rally ever closer around the party Central Committee, with Comrade Jiang Zemin as the core, so that Comrade Yilin can rest in peace.

Li Lanqing on United Front Work in Universities

OW2112102594 Beijing XINHUA Domestic Service in Chinese 1416 GMT 20 Dec 94

[By reporter Luo Kangxiong (5012 1660 7160)]

[FBIS Translated Text] Shanghai, 20 Dec (XINHUA)—At a recent meeting with representatives to a national forum on united front work in some institutes of higher learning, Li Lanqing, member of the CPC Central Committee Political Bureau and State Council vice premier, said: The united front work in institutes of higher learning has always been an important aspect of the party's entire united front work and a major component of the party's work in institutes of higher learning.

He said: Institutes of higher learning are places where numerous high-level intellectuals congregate. They ardently love the motherland, support the socialist system, devote themselves to the undertaking of education, and sincerely hope to see China strong and prosperous. He emphasized: Party organizations at all levels in institutes of higher learning should earnestly implement the policy of respecting knowledge and talented people. They should befriend non-CPC intellectuals at large, respect their diligent labor, and study with an open mind so as to make still greater contributions to making China strong and prosperous.

The four-day forum closed in Shanghai today. Huang Ju, member of the CPC Central Committee Political Bureau and party secretary and mayor of Shanghai; and Wang Zhaoguo, vice chairman of the Chinese People's Political Consultative Conference National Committee and director of the CPC Central Committee United Front Work Department, attended and spoke at the closing.

Official on Deng's Anticorruption Thought

HK2112074094 Beijing JINGJI RIBAO in Chinese 1 Nov 94 p 5

[By staff reporter Song Xiaoming (1345 0879 2494): "Deepen the Study of Comrade Deng Xiaoping's Anti-corruption Thought—Interview With Hou Zongbin, Deputy Secretary of the Discipline Inspection Commission Under the CPC Central Committee"]

[FBIS Translated Text] [Song] How important is the anticorruption struggle in the entire work of the whole party?

[Hou] This is a question which should be clarified first. Comrade Deng Xiaoping believes that in discussing the relationships between various kinds of work of the party, a basic view should be persisted in throughout, namely, that all work must be subordinated to the center of economic construction, be centered on it, and on no account disturb or act against it. The anticorruption struggle must also be subordinated to and serve the central work of the party.

Comrade Xiaoping has also emphasized that the purpose of conducting our anticorruption struggle is to ensure smooth progress in socialist modernization, reform and opening up. He once pointed out: "For many years we suffered great losses: When socialist reform had been basically completed, we continued to 'take class struggle as the key link,' and ignored the development of the productive forces. The 'Great Cultural Revolution' went further toward the extreme." Our anticorruption struggle of the new period should be considered and planned in view of the major background and environment of economic construction, reform, and opening up.

[Song] How should one understand that "our anticorruption struggle is subordinated to and serves the center of economic construction"?

[Hou] This means that our anticorruption struggle plays an active and indispensable role in economic construction, which is fully reflected in its "guarantee" function in economic construction. According to Comrade Deng Xiaoping's exposition, the "guarantee" function of the anticorruption struggle is mainly reflected in the following three aspects: 1) Providing a good social and political environment and conditions for economic construction, reform and opening up; 2) guaranteeing that economic construction, reform and opening up progress along the correct track and direction; 3) promoting the process of economic construction, reform and opening up.

[Song] Concerning our anticorruption struggle, there are two kinds of state of mind in society: One is being eager for quick success, trying to eliminate corruption overnight. The other is attempting nothing and accomplishing nothing, believing that no matter how hard one tries, problems can never be solved.

[Hou] These two kinds of state of mind do exist, and neither is correct. With regard to steps taken in the anticorruption struggle, Comrade Deng Xiaoping has pointed out the correct way of thinking for us, namely, integration of the long-term nature of the struggle and conducting it in stages.

With regard to the understanding of this issue, our party once experienced a process of groping its way forward. The 12th CPC National Congress urged "bringing about a fundamental turn for the better in party style within five years." At that time, this call achieved a certain effect of mobilizing the masses. But, owing to our insufficient understanding of the long-term nature of the building of party style and the anticorruption struggle, we failed to achieve the desired results. The 13th CPC National Congress pointed out that we must rely on reform and institutions to do well in the building of party work style and the promotion of clean and honest government administration. This is the correct method. However, for a period of time we lacked sufficient understanding of the acute corrupt phenomena in practice, and the countermeasures we took were weak. Since the 14th CPC National Congress, we have deepened our understanding of how to oppose corruption in reform and construction. We are mentally clearer about this issue, and have further realized the integration of the long-term nature of the struggle and conducting it in stages.

[Song] What is the connotation of the "long-term nature" of the anticorruption struggle and "conducting the struggle in stages"?

[Hou] The long-term nature means that our anticorruption struggle is a long-term strategic task, and that it runs through the entire process of reform, opening up, and modernization. Comrade Deng Xiaoping pointed out: "As long as the policies of opening up and enlivening the economy work, the work of improving party work style, correcting wrong tendencies, and cracking crimes must continue." The so-called conducting the struggle in stages means that within a certain time and space, our anticorruption struggle must attain certain limited objectives and achievements.

Viewed from practice, conducting our anticorruption struggle in stages has the following advantages: First, the target is clear and the focus is prominent. When all the problems to be solved within a certain stage are problems seriously affecting reform and construction and problems about which the masses have many complaints, it will be easier to grasp the principal contradictions. Second, we can concentrate our efforts to take effective measures. For a certain period, party and

government leaders and special organs can relatively concentrate their strength, and take measures with specific objectives in mind in coordination with the media and public opinion to build up a greater momentum to stop the development and spread of corrupt phenomena. Third, the results are substantial and the effects are obvious. Due to the fact that the problems chosen are highly selective and concrete, and that they are also problems which the masses are eager to solve and which can be solved through hard work in a certain period of time, the results are solid, and the feedback and effects are also obvious.

The long-term nature of the struggle and conducting the struggle in stages are a dialectical unity. To persist in the integration of the long-term nature of the struggle and conducting it in stages means that we should be mentally prepared for a protracted struggle, and have a sense of urgency. While having our eyes on future development, we must firmly grasp our present work. Here, two kinds of one-sided understanding should be prevented and overcome. First, thinking that the work is almost completed after conducting the anticorruption struggle for a certain period, intending to relax a bit and lacking mental preparation for consecutive operations. Second, thinking that work done in stages cannot solve problems and intending to eliminate corruption overnight.

[Song] The CPC Central Committee has stressed that no mass campaign will be launched in the anticorruption struggle. Why can we not use the mass campaign method to eliminate corruption?

[Hou] The mass campaign method will not work. First, it is incompatible with the demand of centering on economic construction. Second, history has already shown that such "great democracy," detached from the leadership of the party organization, which uses disorderly, spontaneous action to attack "the dark side" has many defects. It causes chaos within the party and society. Comrade Deng Xiaoping has pointed out this problem repeatedly.

[Song] Comrade Deng Xiaoping has pointed out many times that we will not launch mass movements in our anticorruption struggle. However, we must resolutely have faith in and rely on the masses. How should we understand this point?

[Hou] We must resolutely have faith in and rely on the masses in the anticorruption struggle. This is because first, the masses hate corrupt phenomena and wish to oppose corruption; second, the results of our anticorruption struggle have to be tested by the masses; and third, the masses are the basic force for opposing corruption. For instance, reporting on corruption is a basic form for the masses to participate in the anticorruption struggle. When this form is combined with the investigations conducted by special organs, the masses' enthusiasm in fighting corruption can be aroused, problems can be discovered in time, and the struggle can proceed step by step on the legal track under the leadership of the party

and government organizations. This is beneficial to maintaining normal work, production, and social order, and to preventing the occurrence of social disorder. The combination of the two is an effective form and method for conducting the anticorruption struggle in the new period. It opens a new way for overcoming the problem of "either mass movements or investigating crimes behind closed doors."

[Song] In many places, people see offices with signboards saying "report center," and in many organizations "offense reporting" boxes are prominently placed.

[Hou] After the Second Plenary Meeting of the Central Discipline Inspection Commission, the work of offense reporting by the masses and investigations based on discipline enforcement has been greatly strengthened. A new situation has emerged in the anticorruption struggle. During this period, the amount of offense reporting by the masses has increased by several times, and they have provided large numbers of valuable clues for special organs to investigate the cases. At the same time, social stability has been maintained, so that economic construction, reform and opening up can proceed normally. At the Third Plenary Meeting of the Central Discipline Inspection Commission, held in February this year, Comrade Jiang Zemin pointed out: The integration of mobilizing the masses to report on corruption and having special organizations to conduct investigations according to the law is an important experience achieved in the anticorruption struggle. At present, some localities and units find it difficult to oppose corruption, but they fail to pay attention to offense reporting by the masses. In doing so, they are unable to succeed in the struggle. We should quickly and skillfully master this basic method for the anticorruption struggle, and achieve more concrete experiences in the integration of relying on offense reporting by the masses and investigation according to the law by special organs.

[Song] Many comrades point out that in the anticorruption struggle we should "treat both the symptoms and the root." What is your view on this opinion?

[Lou] This opinion is absolutely correct. Comrade Deng Xiaoping has always advocated a dialectical unity of treating both the symptoms and the root. On the one hand, he has always emphasized meting out severe punishment according to the law. On the other hand, he has always emphasized ideological building, and stressed that the problem should be solved at the root. That means first, grasping ideological education, and second, perfecting the legal system. In terms of time, we might, in different periods, place more emphasis on either treating the symptoms or treating the root. Generally speaking, when unhealthy trends and corrupt phenomena are rampant and spreading unchecked, and seriously affecting reform and construction, about which the masses have a lot of complaints, that is, during "unusual times" or "unusual situations" as Comrade Deng

Xiaoping calls them, we must take extraordinary measures to curb the momentum of the spread of corrupt phenomena through "treating the symptoms" for a certain period.

In terms of content, treating the symptoms and treating the root have their own relatively fixed definitions; but, in reality, they are mutually inclusive and overlapping. Putting more emphasis on treating the root includes measures for treating the symptoms, and vice versa. For instance, a lot of work which starts with treating the symptoms includes the constructive contents of laws, regulations, institutions, and management. According to Comrade Deng Xiaoping's thinking, specific countermeasures should be adopted in the anticorruption struggle in light of actual practical conditions. We should treat both the symptoms and the root, and gradually put it onto the track of the legal system and provide fundamental solutions to the problem.

Forum on Studying Deng Xiaoping's Works

OW2012125294 Beijing XINHUA Domestic Service in Chinese 0704 GMT 18 Dec 94

[Report by RENMIN RIBAO reporter He Jiazheng (0149 0502 2973) and XINHUA reporter He Ping (0149 1627): "Rallying Under the Banner of Great Theory—Highlights of the Forum on Studying the *Selected Works of Deng Xiaoping* and the Theory of Building Socialism With Chinese Characteristics"]

[FBIS Translated Text] Beijing, 18 Dec (XINHUA)—To scale the summit of science, a nation must not be divorced from theoretical thinking [li lun si wei 3810 6158 1835 4850] for a moment.

The Chinese nation is at the crossroads of the century and is embarking on the new and great marching road of reform, opening up, and socialist modernization. A forum was jointly held by the Propaganda Department of the CPC Central Committee and five other units from 14 to 17 December in Beijing on studying the *Selected Works of Deng Xiaoping* and the theory of building socialism with Chinese characteristics, which delivered an important message to the world: The work of studying, researching and disseminating of Deng Xiaoping's theory of building socialism with Chinese characteristics is being further developed in depth and breadth, and the Communist Party of China and the hundreds of millions of Chinese people will hold higher this great banner of scientific theory in marching toward the 21st century.

Comrades attending the meeting held that the opening of this forum shows that the party Central Committee has attached great importance to the work of studying, researching, and disseminating the theory. Liu Huaqing, Hu Jintao, Hong Yiren and other party and state leaders attended the meeting. Hu Jintao delivered an important speech at the opening ceremony. Li Lanqing made a summing-up speech at the closing ceremony. The

meeting has clearly defined the guiding ideology and direction in deepening the study of the theory in the future. The meeting was characterized by unity, a pragmatic style, and a lively atmosphere. It will certainly have a positive influence on the party's ideological and theoretical building.

(1)

Historical events often have astonishing similarities.

Like the Yanan rectification campaign more than half a century ago and the Seventh CPC National Congress, which provided ideological and theoretical preparations for ushering in a bright new China, the Chinese Communists today again at the 14th CPC National Congress solemnly put forward the strategic task of arming the whole party with Deng Xiaoping's theory of building socialism with Chinese characteristics in order to lead people of all nationalities of the country to victoriously enter the 21st century.

Although time and conditions are not the same, there is one common point, which is: Transforming Marxism to conform to Chinese characteristics [ba ma ke si zhu yi zhong guo hua 2116 7456 0344 1835 0031 5030 0022 0948 0553].

Marx, while discussing socialism more than a century ago, allegorized about building up socialism in countries where capitalism was not developed as being like crossing the "Ka-fu-ding [0595 1133 0002] Canyon." The tortuous course of socialist movement has revealed that the development of history is not as simple as crossing a canyon.

On this, renowned scholar Hu Sheng, a forum participant, pointed out: Not every country must go through the entire process of capitalist society. The fact about the "Ka-fu-ding Canyon" suffices to prove this point. However, the fact also proves that a new society, which replaces "all frustrations" of capitalism without crossing this canyon, must pass through some transitional stages; and it is impossible for this new society to directly head on toward victory and maturity of socialism. If highly developed social productive forces cannot be guaranteed and "all positive achievements" of capitalist society—including, first and foremost, modern productive forces—cannot be assimilated, crossing the "Ka-fu-ding Canyon of capitalism" is out of the question. Hence, he emphatically pointed out that it is the primary duty of the contemporary Marxists to summarize both positive and negative experiences in building socialism since the beginning of this century and to use them for developing the Marxist science of building socialism.

Regardless of whether this "Ka-fu-ding Canyon" was actually conquered, one thing is certain—that is, the complex, formidable, and tortuous nature of practicing socialism had once obscured the supposedly simple question of what is socialism and how to build socialism.

Zheng Bijian, executive deputy director of the CPC Central Committee Propaganda Department, pointed out: The annals of socialist movement in the 20th century contain both brilliant achievements and serious twists and turns. We paid a dear price for the "left" and rightist mistakes on the concept and the question concerning the path of socialism. Comrade Deng Xiaoping, bringing out the essentials, has focused on and given top priority to straightening out the question of "what is socialism and how to build socialism" from theoretical heights. In this way, his theory is very outstanding in its incisiveness, profundity, rich substance, and outstanding role in promoting the socialist modernization drive. Therefore, the crux of the issue is: Under the premise of upholding the basic socialist system, it is necessary to further clarify "what is socialism and how to build socialism." The unique profundity of this fundamental theoretical question put forward by Comrade Deng Xiaoping lies in that it has penetratingly pointed out an extremely important but long neglected historical lesson for the first in the history of the development of Marxism.

The historical lesson is: The establishment of a basic socialist system does not mean that all problems will be automatically solved. In particular, it does not mean that the intrinsic demands of socialism will manifest themselves in due course. When we extract and grasp the primary basic theoretical question and make it become the starting point for the whole party to reconsider basic issues of contemporary China and to use it as a tool to observe the destiny of contemporary China, China's socialism will take on an entirely new look.

Pang Xianzhi, director of the Central Party Literature Research Center, said: As works laying the foundation for the theory of building socialism with Chinese characteristics, Volumes 2 and 3 of the *Selected Works of Deng Xiaoping* reflect on the development process of the practice of China's reform, opening up, and modernization in the new period, as well as the development process of Comrade Deng Xiaoping's deliberation and theory in the new period. Xu Chongwen, research fellow at the Chinese Academy of Social Sciences, believed that by listing the emancipation and development of productive forces as part of the essence of socialism, Comrade Deng Xiaoping has charted an energetic, vigorous course for the development of socialism, a course leading to wealth and prosperity.

Participants unanimously held: Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics has, for the first time, answered fairly systematically and in a preliminary way a series of fundamental questions, such as how a country like China with fairly backward economy and education should build, strengthen, and develop socialism. It puts forward a series of new creative ideas and viewpoints. It is the creative development of Marxism-Leninism-Mao Zedong Thought in the new historical period. It is Marxism in contemporary China.

Gong Yuzhi, vice president of the Central Party School, pointed out: Comrade Deng Xiaoping's new generalization of the essence of socialism has corrected, carried forward, and developed our past normal understanding of the essence of socialism. This new generalization points out the correct orientation for the accomplished form of reform of public ownership and for the kind of ownership structure with public ownership as the mainstay. Xing Benshi, chief editor of QIUSHI magazine, held: Comrade Deng Xiaoping upholds emancipating the mind and seeking truth from facts. He has scientifically answered the question of what is socialism and how to build socialism and corrected our past deviations and muddled understanding regarding stages of development for socialism, the fundamental tasks, and a series of other major theoretical issues. Speaking on the relationship between Deng Xiaoping's theory and Marxism-Leninism-Mao Zedong Thought, Li Junru, deputy director of the Theoretical Bureau of the CPC Central Committee Propaganda Department, said: Comrade Deng Xiaoping has creatively worked in three interrelated aspects. The first is enriching the contents of Marxism-Leninism-Mao Zedong Thought while upholding its principle, the second is making policy choices while upholding its principle, and the third is creating new structures while maintaining the original system.

These three aspects are interrelated and organically linked together. The integration of upholding the principle and developing the contents has pushed forward the creation and development of Marxist theory. Beijing University's Professor Wang Dong regarded the theory on building a socialism with Chinese characteristics as a Marxism during the course of practice, development and creation. Shang Zhixiao, associate professor of the Party School of the Shandong Provincial CPC Committee, said: During the course of socialist reform, opening up, and modernization, the present CPC members and their successors should follow Comrade Deng Xiaoping's example, uphold his view on Marxism, make active and bold exploration, and push Marxism-Leninism-Mao Zedong Thought and Comrade Deng Xiaoping's theory on building a socialism with Chinese characteristics into a new stage.

Some scholars said: The process of creating and developing the theory on building a socialism with Chinese characteristics over the last 16 years was a lively process of mutual promotion on the basis of practice between practice and theory. The process will surely continue and will become even more profound, complex, lively, and enriched. For this reason, to clearly understand the basic theoretical question of "what is socialism and how to build socialism" remains to be the theme running through the entire creative theoretical and practical activities of our party in the days to come.

(2)

It is universally acknowledged that reform and opening up have brought about the most profound changes in China and have been creating a socialism which is full of vitality.

Where does the vitality come from?

The conferees said: Ideologically speaking, it comes from the ideological line of emancipating the mind and seeking truth from facts. Politically speaking, it comes from the promotion of socialist democracy. Economically speaking, it comes from the development of socialist market economy.

Zheng Xinli, associate researcher of the State Planning Commission, by enumerating a series of convincing data, expounded the great guiding significance of this thought of Comrade Deng Xiaoping's to the reform of the planning system. He added: The reform of the planning system has instilled vitality into economic operation and brought about a rapid economic growth. The period from 1978 to 1993 was a period in which China's GNP rose the fastest, at an average annual rate of nine percent after adjustment for commodity price increases.

Thus, some scholars have reached the following conclusion: Market economy is compatible with socialism. To practice market economy will make socialism attain its essential objectives in a faster and better way. This is a stark reality, not a purely theoretical controversy any more.

Chen Shuxiang, a professor of Wuhan University, said: Comrade Deng Xiaoping's summarization of the essence of socialism and his theory on the necessity of a market economy to socialism are his two major creations, formed by integrating the universal Marxist truth with China's concrete practice.

Zhao Yao, a professor of the Central Party School, pointed out: To establish the socialist market economic structure is a great pioneering undertaking in the history of mankind, and setting this objective is Comrade Deng Xiaoping's important contribution.

With the establishment and fine tuning of the market economy structure, people are constantly deepening their understanding of it. Many comrades shared the same viewpoint in their speeches—that is, macroeconomic regulation and control are indispensable to the market economy.

Speaking on special topics, Vice Minister of the State Planning Commission Zeng Peiyan pointed out: Centering on maintaining a balance between total supply and demand, on promoting the adjustment of the economic structure, and on accelerating the establishment of a socialist market economy, this year our country has adopted policies and measures for macro-control and has further improved the macroeconomic environment. Facts have proven that under the condition of developing a socialist market economy, the state's macro-control over the economy and the market's basic role in allocating resources are both indispensable and complementary to each other.

How to solve the problem of the reform of state-owned enterprises under the conditions of a market economy is a focal point of concern for many scholars.

Ma Hong, honorary director of the Development Research Center of the State Council, pointed out that the direction and goal of deepening the reform of state-owned enterprises are to establish a modern enterprise system with public ownership as the principal part. He said: This is an arduous task. We must take the whole situation into consideration, make overall planning, and proceed in an organized manner with good leadership. Judging from the present situation in our country, we must not use the same mode in promoting the modern enterprise system because the differences between various trades, regions, and enterprises are quite large. We should, according to the special characteristics of different trades, regions and enterprises, select different forms of modern enterprise systems and adopt different approaches to gradually promote modern enterprise systems. Also, we must not seek rigid uniformity in the method of transforming state-owned enterprises. We should advocate experiments in a bold manner and explore various ways.

Research scholar Lu Zheng of the Chinese Academy of Social Sciences held that the state enterprise system which was formed under the traditional economic system will undoubtedly be unable to suit the demand of a market economy. Only by deepening the reform of the economic structure and changing the enterprise system can we find ways and methods for the coexistence of state enterprises and market economy. However, reform is definitely not to negate state-owned enterprises or eliminate state-owned enterprises. It is to bring new life to state-owned enterprises and improve the operation and efficiency of state-owned enterprises through integration with the market mechanism.

Scholars attending the forum spoke highly of Comrade Deng Xiaoping's theory on the socialist market economy. They held that the expression and idea of this theory have integrated the basic system of socialism with a market economy. It has adhered to the core and basic content of Marxism on the socialist concept and in the meantime made breakthroughs in certain specific assumptions. It is an outstanding contribution to Marxism.

Zheng Bijian pointed out: We can say that, like the land issue during China's democratic revolution, the market economy issue in China's socialist construction is a strategic issue with an impact on the whole situation. In the past, Comrade Mao Zedong firmly grasped the key issue of addressing China's land problem to fully mobilize the revolutionary vitality among the hundreds of millions of peasants, and he blazed the trail of encircling cities from the countryside and eventually won in seizing nationwide political power. Today, Comrade Deng Xiaoping firmly grasps the key issue of market economy to fully mobilize the masses' economic construction

vitality, and he has found the way for socialist construction, namely liberating and developing productive forces through structural reform and eventually achieving common prosperity.

The scholars at the symposium reached this common understanding: Developing and perfecting the socialist market economic system will be a long-term and formidable historical task. While the West has embarked on developing its market economy for several hundred years, China has embarked on developing its market economy for only a dozen years or so, and thus it is inevitable that there have been all kinds of problems, contradictions, bewilderments, and misgivings. As long as we proceed with China's reform by firmly adhering to the course of building our socialist market economic system, our socialist system will be even more vital.

(3)

Historical developments show that any social change will trigger mental, conceptual, moral, and spiritual changes among the people. Just as the "Manifesto of the Communist Party" asks: "What else can the history of ideas show aside from proving that spiritual production will change along with the change of material production?"

Those attending the symposium maintained that the development of civilization in any era is inseparable from the coordinated development of material civilization and socialist ethics, which complement and enhance one another as an organic whole. Only when material civilization and socialist ethics develop simultaneously can they provide the powerful ideological guarantee, spiritual power, and intellectual support for the great cause of reform, opening up, and modernization. The experience that we must "promote material civilization and socialist ethics at the same time" is a basic experience we have gained ever since we embarked on reform and opening up.

Yin Jizuo, Liu Sifen, and Li Fengwu, persons in charge of the propaganda departments of the Shanghai Municipal and the Guangdong and Shandong Party Committees, presented their special reports on how they have applied the theory of building socialism with Chinese characteristics in connection with the local situations. The comrade from Shanghai stressed that two things—economic construction and socialist ethics—are essential for building socialism with Chinese characteristics. Zhang Xiaowen, vice chairman of the State Education Commission, pointed out: In promoting socialist ethics, primary attention must be paid to ensuring fundamental improvement in party conduct and social atmosphere, and improvement of party conduct is essential for improving the social atmosphere. In his speech, Shu Huaide, secretary general of the Central Political and Legal Affairs Commission, said that the idea of building stronger socialist democratic and legal systems is an important part of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and it is a theory guiding the construction of China's socialist

democracy and law. Without socialist democracy and law, there will be no socialist modernization, he said.

Some comrades pointed out that a stronger party and party leadership are essential for ensuring a coordinated development of socialist material civilization and socialist ethics.

Zhao Zongnai, deputy secretary of the Ministry of Personnel Party Group, pointed out: Comrade Deng Xiaoping's party building theory is based on the Marxist theory of building political parties; it has summed up the historical experiences gained by Chinese and foreign proletarian political parties in building themselves; it has comprehensively explored the construction of the ruling party in the great cause of achieving socialist modernization; it has answered many major theoretical questions for the ruling party during the new period of reform, opening up, and modernization; and its rich contents have significantly enriched the Marxist theory on party building.

To fully comprehend this theory, we must firmly grasp the three red lines that run through the theory: First, strengthening party building through firmly adhering to the party's political line—namely the basic line of "one center, two basic points"—so that we will have the basic guarantee for upholding the party's basic line for 100 years without wavering. Second, we should strengthen party building with the spirit of reform, namely changing the situations of grass-roots party organizations, their leadership structure, their leading methods, and their activities which are incompatible with the new situation. Third, we should build stronger party organizations in accordance with the principle of tightening party management so that the party can maintain its attributes of being the vanguard of the proletariat, be able to control the grass-roots organizations and party members, improve party conduct, and censure corruption.

Lanzhou Military Region Deputy Commander Xing Shizhong said: To make sure the armed forces always measure up politically, the key requirement is that we must strengthen party leadership and build a stronger party, and, under all circumstances, firmly uphold the principle that the party is in command of the gun, obey the party, and safeguard the collective leadership of the party Central Committee with Comrade Jiang Zemin as the core.

Some scholars pointed out: The new situation has presented new assignments for socialist ethics. Liu Songbin, deputy research fellow of the CPC History Research Unit, said that under conditions of the socialist market economy today, our ideological and political work should be conducted in a new way, and it should also have new substance and new features. Liu Ji, vice president of the Chinese Academy of Social Sciences, said: The world today is undergoing a new scientific and technological revolution centering around microelectronics technology. Not only will this revolution radically change the current structures of production,

industry, labor, and society, but will also give rise to profound changes in the way people work, study, live, and think. We must attach great importance to this revolution, study it thoroughly, and come up with scientific, technological, economic, and social measures to deal with the revolution.

Engels once presented this profound principle: To be successfully organized, the workers' movement must use scientific theory as its "necessary support."

A scientist once said: Give me a pivotal point, and I can turn the earth.

We can also say today that when Chinese Communists make contemporary Marxism—Deng Xiaoping's theory of building socialism with Chinese characteristics—a pivotal point, the time when the Chinese nation can recreate its glory will not be far away.

Leaders Inscribe for RENMIN RIBAO E. China Edition

OW2112120394 Shanghai People's Radio Network in Mandarin 2300 GMT 19 Dec 94

[From the "990 Morning News" program]

[FBIS Translated Text] A ceremony marking the inauguration of the RENMIN RIBAO East China Edition was held in Shanghai yesterday [19 December]. Comrades Jiang Zemin, Li Peng, Qiao Shi, and Li Ruihuan separately inscribed for this event recently. Ding Guangen telephoned RENMIN RIBAO leading officials to express his congratulations on the establishment of the RENMIN RIBAO East China Branch and on the inauguration of RENMIN RIBAO's first regional edition in east China. Ding Guangen also offered some important suggestions on how to strengthen and improve RENMIN RIBAO's role of propaganda.

Comrade Jiang Zemin's inscription reads: "Publicize the Party's Policy, Influence Public Opinion, and Reflect Regional Features." Comrade Li Peng's inscription reads: "Maintain RENMIN RIBAO's Features, Foster Special Style for Regional News." Comrade Qiao Shi's inscription reads: "Pay Close Attention to the Local Situation, Do a Solid Job in Publicizing the Party's Guidelines and Policies, and Promote Local Economic Development and Comprehensive Progress of Society." Comrade Li Ruihuan's inscription reads: "Attach Importance to Truth and Report the Latest News in a Reserved Way."

On behalf of the Shanghai municipal party committee and municipal government, Comrade Huang Ju met RENMIN RIBAO leading officials in Shanghai and expressed his congratulations the day before yesterday [18 December]. He said that the Shanghai municipal party committee and municipal government would offer support to the RENMIN RIBAO East China Branch and its East China Edition.

The reporter was informed that following the inauguration of east China edition, RENMIN RIBAO will launch other regional editions in succession. The East China Edition is a daily newspaper of 16 pages. Among them, 5 pages will be edited by the East China Branch in Shanghai and will be used for news taken place in east China.

RENMIN RIBAO Director Shao Huaze; Chen Zhili, deputy party secretary of Shanghai municipal party committee; Gong Xinghan, deputy director of the CPC Central Committee's Propaganda Department; and Yu Youxian, director of the State Press and Publications Administration, presented speeches at the inauguration ceremony.

Leaders Attend Peking Opera Festival

OW2012170694 Beijing XINHUA in English 1632
GMT 20 Dec 94

[FBIS Transcribed Text] Beijing, December 20 (XINHUA)—A month-long national Peking Opera festival was officially kick-off tonight to revive the art form, which is overshadowed by modern entertainment fashions and declining public interest.

The festival is in celebration of the 100th anniversaries of the births of Mei Lanfang and Zhou Xinfang, two of the most renowned Peking Opera stars.

Government officials, artists and Peking Opera fans from at home and abroad rushed to attend the grand opening ceremony at the China Theater here, and attended an evening party highlighted by traditional performances.

Among the audience were top Chinese leaders Jiang Zemin, Qiao Shi, Li Ruihuan and Zhu Rongji.

Li Ruihuan is the head of a committee overseeing the activities, which are expected to trigger a renaissance of the 200-year-old culture.

"This signals the biggest effort in recent years the government has made to support Peking Opera," said Deputy Culture Minister Gao Zhanxiang.

And, according to Culture Minister Liu Zhongde, the event is aimed at boosting and reviving the fine tradition of Chinese culture and promoting socialist culture.

"Both high art and traditional art are full of new promise as the cultural reform deepens and the general atmosphere becomes more healthy," Liu said at the gathering.

Officials regarded the protection of China's cultural heritage as a way to help enhance national cohesion and patriotism.

Born at the end of the last century, Mei was famous for playing beautiful women, although he was a male, and Zhou was good at martial arts and usually played heroes.

They were praised by Liu Zhongde as the "pride of the Chinese nation" for their unremitting efforts to develop Peking Opera.

The deaths of Mei and Zhou, in the 1960s and 1970s, respectively, were followed by a decline of the art in the wake of the introduction of karaoke, electronic games and cable television, on top of the older challenge posed by films.

Observers said that the ongoing modernization of the country has inevitably clashed with traditional customs and structures.

After Liu's speech, top-class Peking Opera stars presented classical pieces, including the famous "Farewell to My Concubine".

The 1,600-seat theater was crowded with fans.

Some older enthusiasts, who were disappointed at the closure of the Jixiang Peking Opera Theater last year, a landmark of the art, especially applauded the performances.

A few overseas fans have also appeared on the scene.

Statistics show that the Liyuan Theater, the leading Peking Opera theater in the capital city, has received more than one million foreigners since 1990. In addition, some pieces have been performed in English this year.

The evening party drew large numbers of young people and children.

A survey shows that there are nearly 10,000 Peking Opera fans under 14 years old, with the youngest being only four years old, in Tianjin, a north China port city.

However, the two-hour performance was actually a hybrid of various art forms, with Peking Opera and modern dances and symphonies performed simultaneously on the same stage.

"Peking Opera's styles have changed little over the past 200 years, and it is time to inject a new spirit into it, so as to let it adapt and survive in the modern era," said Wan Quan, a female fan at the reception.

The art can only be rescued through reforming itself, she maintained.

Millions of people watched the evening party nationwide, as it was aired live by the Central Television Station.

In the coming weeks more than 30 items of Peking Opera repertoire will be staged nationwide, accompanied by exhibitions, publications and seminars.

State Compensation Law To Take Effect 1 Jan

OW2012170294 Beijing XINHUA in English 1652
GMT 20 Dec 94

[FBIS Transcribed Text] Beijing, December 20 (XINHUA)—The State Compensation Law, adopted at the

seventh session of the National People's Congress (NPC) Standing Committee, is due to take effect from January 1, 1995.

"The enforcement of the law is of far-reaching significance for the campaign against rampant corruption and for preventing government officials abusing their power," said Wang Hanbin, vice-chairman of the NPC Standing Committee, today.

He was speaking at a symposium on the enforcement of this law. Officials from the NPC and the State Council, top leaders of the country's law-enforcement bodies, and Beijing's legal experts attended.

Wang said that the State Compensation Law and the Administrative Procedure Law already enforced, together form a comprehensive legal system safeguarding the Chinese people's fundamental human rights.

According to the Chinese constitution, Chinese people have the right to claim compensation when they suffer losses resulting from the fault of governmental units or their individual staff members. The State Compensation Law provides specific details as to the procedures for this.

Another senior official told the symposium that, by bringing the law into force, China will be enabled to impose disciplinary or criminal sanctions against civil servants who exercise their authority beyond the scope of the law.

"This will secure effective supervision over governmental units and their staff by the public," said deputy director of the Legislative Affairs Committee under the NPC Standing Committee.

He noted that the enforcement of the law is bound to further promote China's social stability by stemming all kinds of abuses of authority.

Courts To Enforce Compensation Law

HK2112084094 Beijing CHINA DAILY in English 21 Dec 94 p 2

[By Wang Xiaozhong: "Panels To Enforce Civil Rights Statute"]

[FBIS Transcribed Text] The government said yesterday it will set up special panels in its high-level courts to properly enforce a new civil rights bill protecting citizens from infractions by State organizations.

The State Compensation Law, which takes effect on January 1, specifically outlines how people can seek reparations for their losses resulting from State malpractices.

"The panels are being built throughout the country as required by the Compensation Law, and they will serve as the ultimate judge when people cannot get compensation directly from State organizations which are accused

of mistreating them," said Wang Jingrong, vice-president of the People's Supreme Court.

The panels will be set up in intermediate courts and all other high-level courts.

Legislators, executives, judges and prosecutors are preparing for a smooth enforcement of the law.

"As a mark of a modern nation with the rule of law, the Compensation Law is important because it protects citizens' civil rights," said Wang Hanbin, vice-chairman of the Standing Committee of the National People's Congress [NPC].

The NPC, China's legislature, passed the law on May 12.

Compensation for State offenses dates back to 1954, when the first constitution was written. However, due to a lack of specific regulations, it has been used sparingly.

Wang Hanbin said the new civil rights statute will have a direct impact on forcing State organizations to obey laws.

Government and law enforcement officials have been instructed to study the law and concerned regulations—and residents should be encouraged to file suits when their civil rights are violated by State organs, Wang said.

The Ministry of Finance has set aside special funds in the State budget to support the compensation.

New ID Cards, Passports To Help Control Fraud

HK2112083494 Beijing CHINA DAILY in English 21 Dec 94 p 1

[By Ma Chenguang: "New ID Cards Will Face Crime Head-On"]

[FBIS Transcribed Text] The government is to issue a new personal identification card and hi-tech passport in a double-headed bid to curb ID-assisted fraud in China.

The new card will be tamper-proof and replace the present ones first introduced in 1980, assistant minister Li Runsen, of the Public Security Ministry, said yesterday.

Criminals have found ways to forge the existing cards, security chiefs admit, citing one case where one crook had 30 faked IDs on him.

But the planned new card will feature a hologram of six separate pictures making fabrication difficult.

Temporary ID cards, issued as substitutes for registered lost cards, will be replaced by the new card.

Officials say no date for the card's nationwide introduction has yet been fixed.

Meanwhile, the planned new passport will carry a computerized bar code which will give officials instant access to information on the holder.

The twin-tightening of IDs will be backed by a crack-down on anti-social, pornographic and kidnapping activities, security chiefs said.

Officials plan to target crime carried out by the increasingly transient population in Chinese cities.

In Beijing over half of recently reported cases involved out-of-town offenders, who were responsible for some recent murder cases, police said.

Li noted that the modernization of the identification system was in response to the increasing sophistication of criminals who themselves employed hi-tech means to engineer fraud.

Seminar Urges Protection of Environment, Resources

HK2012124394 Beijing XINHUA Domestic Service in Chinese 2129 GMT 12 Dec 94

[FBIS Translated Text] Nanjing, 13 Feb (XINHUA)—The Environmental and Resources Protection Committee of the National People's Congress [NPC] held a forum on environmental and resources protection in Zhangjiagang City, Jiangsu Province from 10 to 13 December.

Present at the forum were comrades in charge of people's congresses of all 30 provinces, autonomous regions, and municipalities directly under the central government, as well as officials in charge of the relevant departments of the State Council. Comrade Wang Bingqian, vice chairman of the NPC Standing Committee, attended and addressed the forum.

Over the past year, people's congresses at all levels have done a great deal of work in legislation for and supervision of environmental and resources protection and 13 provincial and municipal people's congresses have set up their own environmental and resources protection committees or urban construction and environmental protection committees.

In his speech, Wang Bingqian pointed out that strengthening environmental and resource protection is necessary for the building of socialism with Chinese characteristics and is fully in the interests of the sustained, rapid, and healthy development of the national economy. As far as the relationship between the environment and development is concerned, we must not follow the old path of "dealing with pollution only after it has happened" and blindly seeking growth at the expense of the environment, nor should we lay stress solely on environmental and resource protection while ignoring the need for development. The only correct way is to ensure a coordinated development of the environment and the economy, persistently protect the environment amid development, and promote sustained economic growth through environmental protection.

Wang Bingqian also noted that for a period in the future, it is an important aim of environmental protection-related legislation to develop a legal framework for

environmental protection which is suited to the socialist market economy and to put environmental and resource protection on a legal basis. During its term of office, the current NPC Standing Committee will formulate or revise 17 laws concerning environmental and resource protection. Meanwhile, local people's congresses should speed up their pace as well in formulating and revising corresponding local laws and regulations related to environmental and resource protection in light of local conditions. At the same time, it is necessary to continue to step up the enforcement of environmental protection laws and ordinances, as well as the supervision of related operations, and to attach equal importance to legislation on the one hand and law enforcement and supervision on the other.

Participants in the forum discussed the tasks to be accomplished by the NPC next year regarding environmental and resource protection.

During the forum, Qu Geping, chairman of the NPC environmental and resources protection committee, gave a report entitled "Seize the Opportunity, Take the Challenges, and Do a Solid Job of Environmental and Resource Protection Within the NPC's Capacity."

Transport System Prepares for Holiday Travel Rush

HK2012125994 Beijing CHINA DAILY in English 20 Dec 94 p 1

[By Yang Yingshi: "Millions Gear Up for the Moveable Feasts"]

[FBIS Transcribed Text] China's transport authorities are bracing themselves for the country's biggest ever mass movement of people as the Spring Festival is approaching.

Ministry of Communications predicts that nearly 900 million passengers are expected to swamp the country's already bulging transport network next month, an increase of 5.9 per cent over that in 1994.

It has been a national tradition for Chinese to travel home for family reunions during the Spring Festival, which falls on January 31 in 1995.

It means overworked air, sea, road and rail networks will be stretched to capacity coping with a two-way human traffic that will keep moving for over 60 days roughly from January 11 to March 11.

The biggest burden will fall again on the rail network which is already bracing itself for a traffic load of some 200 million person-trips during the period—14.61 million, or 7.8 per cent up compared with that in 1994.

The Ministry of Railways predicts the peak daily passenger load could reach 4 million—127,000 more than last year.

Transient rural labourers, college students, tourist and those visiting relatives and friends make up the main part of passengers.

During the holiday period, an estimated 30 million rural labourers will pour into coastal provinces like Guangdong, Zhejiang, and Fujian.

Ten main trunk railroads, including the Beijing-Guangzhou, Beijing-Shanghai, Beijing-Harbin, Lanzhou-Lianyungang, Shanghai-Hangzhou, Hangzhou-Nanchang, Baoji-Chengdu, Xiangfan-Chongqing, Zhuzhou-Guizhou, and Guizhou-Nanning will be the busiest routes during the period, rail officials say.

The ministries are going all out to ease the transportation crunch and avoid snarl-ups.

In a bid to ease the transport pressure and make people think twice before travelling on peak time, Ministry of Railways is to raise railway ticket fares during the Spring Festival period starting from the New Year. But return-tickets will be guaranteed for college students to ensure their punctual return to schools.

The ministry has decided to add nearly 150 pairs of extra services ranging from express trains to ordinary ones.

Altogether 2,106 passenger trains and 4,965 box wagons will be added.

The ministry has invested 60 million yuan (\$7.1 million) in converting 5,000 box wagons into passenger cars in order to increase passenger trains.

Some 300 pairs of cargo services will be trimmed to free the network for passenger trains. Meanwhile, ministry officials stressed the security of passengers.

On the roads, 590,000 long-distance buses will be in operation during the holiday—a rise of 10 per cent.

Science & Technology

Chinese Nuclear Reactor Marks 30th Anniversary

OW2012145294 Beijing XINHUA in English 1409
GMT 20 Dec 94

[FBIS Transcribed Text] Beijing, December 20 (XINHUA)—The first nuclear reactor designed by China itself for engineering research marked its 30th anniversary here today at the China Institute of Atomic Energy.

The reactor, a swimming-pool type with a rated power of 3,500 kw, which went into operation December 20, 1964, was designed and built completely by Chinese scientists under very difficult conditions in only four years, said Shi Yongkang, an official of the institute.

In its 30 years of safe operation, the reactor has been playing a major role in research into larger reactors, nuclear submarines and, more recently, into the building

of the Qinshan Nuclear Power Plant in Zhejiang Province, the first such plant built by China alone, the official said.

Over the past few years the reactor has also been used for the irradiation of rare stones, and isotopes for medical use.

As it is getting old, the reactor will soon be shut down for a half-year renewal, after which it will continue to operate until the year 2000 or so, when it is expected to be decommissioned, according to the official.

Shi said the institute now plans to build a new heavy-water research reactor and a fast-neutron reactor early in the 21st century, the plan of which is currently being examined.

China's nuclear industry began to turn out civil products in the early 1980s. Officials said various civil products now account for more than 70 percent of the income of the nuclear industry as a whole. The industry's medical isotopes are used in more than 2,000 hospitals throughout the nation.

Corporations To Help Build Fiber Optic Network

OW2112100094 Beijing XINHUA in English 0929
GMT 21 Dec 94

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—The China National Aerospace Industry Corporation has entered into an agreement on cooperation in the Golden Bridge project.

The agreement with Jitong Telecommunication Co. Ltd., in charge of the Golden Bridge project, is meant to combine the satellite and optical fiber networks to upgrade information facilities in China's economy.

The Golden Bridge project, a national public information network, was launched March 12, 1993 at a meeting presided over by Vice-Premier Zhu Rongji.

In the near future, the network will link all departments under the State Council, as well as 400 major cities and 1,000 leading enterprises. Data, voice and digital information will be transmitted over the network.

The corporation and Jitong will join hands in programming, design, project construction, network management, personnel organization, and production as well as domestic and international business in the Golden Bridge project, according to the agreement.

The project will allow more information to be passed in the economy, emphasized Vice-Premier Zou Jiahua at the signing ceremony. Its purpose is to help control the economy, create a good environment for the formation of an electronic information market, and give free rein to information resources, Zou said.

The Golden Bridge project, spanning the whole country and lasting into the next century, is a cause embracing the whole country, Zou said.

Two pillars of China's high-technology industries, electronics and aerospace, should cooperate in building the Golden Bridge and speed up the application of information in the economy, Zou added.

China Develops X-Ray Microphotography

OW2012080194 Beijing XINHUA in English 0715
GMT 20 Dec 94

[FBIS Transcribed Text] Hefei, December 20 (XINHUA)—A group of scientists in this capital of central China's Anhui Province have succeeded in developing soft X-ray microphotography for the diagnosis of esophageal lymphatic cancer.

Soft X-rays have a longer wavelength and stronger resolution when compared with conventional X-rays. They can penetrate a thick layer of tissue and alter the direction of the wavelength inside before focusing on the target through X-ray diffraction.

The invention was jointly developed by the No. 105 Hospital of the People's Liberation Army and the Chinese University of Science and Technology after three years of study.

This research is believed to bring China into the front rank of study in this field along with the U.S., Germany, Japan, Britain and France.

New Diesel Locomotive Developed in Dalian

OW2112022394 Beijing XINHUA in English 0119
GMT 21 Dec 94

[FBIS Transcribed Text] Dalian, December 21 (XINHUA)—China has developed a new type of diesel locomotive that will remarkably raise the country's rail transportation capacity.

A state key project, the Dongfeng-10-type diesel locomotive, designed and produced by the Dalian Rolling Stock Plant, will be used in trunk railway lines, raising the haulage capacity for freight trains to 5,000 tons from the present 3,500 tons. That is to say, the transportation capacity will be increased by up to 70 percent.

Experts said that the large-capacity locomotive is also energy-saving and has an advanced control system. It is the most advanced locomotive so far developed in China and is well suited to the country's conditions.

Economic & Agricultural

Wu Bangguo Views Major Economic, Trade Tasks

OW2012175294 Beijing XINHUA in English 1715
GMT 20 Dec 94

[FBIS Transcribed Text] Beijing, December 20 (XINHUA)—China's major economic and trade tasks next year are to deepen the reforms of state-owned enterprises to ensure a sustained, fast and healthy development of the national economy.

Wu Bangguo, Member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), said at a national economic and trade conference held in Beijing today that the fulfillment of the tasks will enhance the country's coordinated economic operation, curb inflation and raise efficiency in the coming new year.

Wu said that to curb inflation will be the priority next year.

Inflation has some direct or indirect relations with the operational mechanism of businesses, so major state-owned enterprises should play a more important role in making prices stable, he said.

Wu said that the current problem with China's economy does not lie in its growth rate, but its real quality and efficiency, which should be taken as the first criterion to appraise the national economy.

During the past 15 years, China has accumulated some fairly good experience in enterprise reform, he said. The macroeconomic reform measures this year, covering revenue, taxation, finance, foreign exchange and overseas funds, have paved the way for better reforms next year.

With regard to concrete work, Wu said that the State Economic and Trade Commission has listed scores of enterprises which will undergo experimental reforms next year. In this way, some thorny problems are expected to be solved and then relevant experience can be applied to other firms.

In order to raise quality of the state-owned economic sector, China will support some key industries and relevant major enterprises or enterprise groups, so that they can give an impetus to the state-owned sector.

Li Tieying Addresses Economic Reform Conference

OW2012132694 Beijing XINHUA in English 0948
GMT 20 Dec 94

[FBIS Transcribed Text] Beijing, December 20 (XINHUA)—The Chinese government expects to achieve "substantial progress" in its economic reform next year, a senior official said here Tuesday [20 December].

The reform in 1995 will "target prominent problems in the national economy and blaze new trails in key economic aspects," said Li Tieying, State Councillor and minister in charge of the State Commission for Restructuring the Economy.

He told the National Working Conference on Economic Reform, which opened here today, that the Central Government will concentrate on carrying out enterprise reform measures next year to establish a new enterprise mechanism.

In the meantime, the state will strive to establish a social security system, develop the market mechanism, and improve the functions of the government, he said.

In 1994, China implemented a series of major reform measures in the finance, banking, and trade sectors. Those reforms have gone well and have "basically met the government's expectations," Li said.

Next year, experiments will be conducted on reforming the structure of state firms, the highlight of which will be giving to enterprises all the legal rights of management, according to the State Councillor.

The government will seek ways to make suitable arrangements for excess workers while tackling the problem of the historic debt burden born by companies, he said. Approaches to superannuation and unemployment benefits will also be made while housing reforms will be strengthened.

China will also expand reforms in the commercial sector next year to include emphasis on six kinds of staple goods including grain, cotton, meat, vegetables, edible oil, and chemical fertilizers.

The government will rectify the movement of goods and standardize trading behavior in the commercial sector so as to stabilize market prices, Li said.

In fact, the degree to which the Chinese economy can maintain sound and fast growth will to a large extent depend on the speed and results of the reform process, Li concluded.

Further on Li Tieying Remarks

HK2012142994 Beijing ZHONGGUO XINWEN SHE
in English 1333 GMT 20 Dec 94

[FBIS Transcribed Text] Beijing, December 20 (CNS)—According to a national conference on reforming the economic system, the general task for China in reforming its economic system in 1995 will be to promote state-owned enterprises' reform, focusing on the establishment of a modern enterprise system and the reform of the social security system; cultivate a market system; change government functions; deepen and perfect macro reform for economic system and promote reforms for other sectors in the country.

Director of the State Commission for Restructuring the Economy, Mr. Li Tieying, stressed at the meeting that all measures for reforming the economic system in the country in 1995 would be focused on promoting the economic development in a healthy way as well as on the adjustment of economic structure, raising economic efficiency, increasing effective supply and curbing inflation in the country.

According to the director, debts owed by state-owned enterprises will not be totally shifted onto the state, and such a problem will be gradually solved only by deepening reform in the country.

Next year the state will continue its encouragement of setting up jointly-funded enterprises and of the combination, merging and upgrading of enterprises. Those enterprises making profits and with good prospects will be allowed to continue their merging and purchasing of those loss-making ones. Those enterprises with no sign of clearing their debts will be forced to go bankrupt, gradually forming a mechanism for making the good ones further develop while the inferior ones are eliminated in the country. There are about 66,000 small-sized enterprises in the country, and these kind of entities are allowed to be leased, contracted, auctioned and turned into partnership ones.

China will, by the year 2000, set up a social security system for the elderly and the unemployed in the country, and funds needed in this sector will come from several channels.

According to an estimation, the expenditures shouldered by the state and enterprises for workers' and staff's housing, medicine, pension and unemployment equal to 54 percent of the total sum of workers' and staff's salary in the country. Workers and staff themselves only pay 3 percent of the total amount of these expenditures at present. By the year 2000, expenditures for housing by workers and staff themselves will increase from one percent at present to 17 percent, pension insurance from two percent to five percent. The ratio of these expenditures to salary will grow to 23 percent.

Jiang Zemin Inspects Tianjin

OW2012134394 Beijing XINHUA Domestic Service in
Chinese 1023 GMT Dec 94

[By XINHUA reporter Zhu Yuquan (2612 3768 3123) and TIANJIN RIBAO reporter Wang Hong (3769 7703)]

[FBIS Translated Text] Tianjin, 15 Dec (XINHUA)—During his inspection of work in Tianjin, Jiang Zemin, general secretary of the CPC Central Committee, president of the state, and chairman of the Central Military Commission, emphatically pointed out: According to the guidelines laid down at a recent central conference on economic work, the stress of our current economic work is on vigorously strengthening agriculture, running state-owned enterprises efficiently, and restraining inflation by deepening reform. We must conscientiously and effectively do these things concerning the overall situation of the country in order to maintain the sustained, rapid, and healthy development of the national economy. Our party has a rule that our leading bodies put their main energies on handling urgent matters and that our leading cadres appear where the work is most difficult. I hope that leading cadres in all localities and departments will carry forward this fine work style and go to rural villages, factories, or markets to do careful studies and planning and practical work and to lead the masses in carrying out the major tasks of developing agriculture, running state-owned enterprises, and

restraining inflation and in striving to raise the quality and efficiency of economic growth.

Braving severe cold and drizzle, General Secretary Jiang Zemin visited factories, rural villages, army units, schools, and markets for agricultural products where he came into extensive contacts with workers, peasants, intellectuals, commanders and fighters of the People's Liberation Army (PLA), and cadres of various levels to acquaint himself with the situation and to discuss questions about economic and social development from 9 to 14 December. He made the visit in the company of Gao Dezhan, secretary of the Tianjin Municipal Party Committee; Zhang Lichang, mayor of the municipality; and Guo Boxiong, deputy commander of the Beijing Military Region.

Jiang Zemin was very concerned about market supplies and prices. While inspecting the market for agricultural products in Tianjin's Zishuidao, he asked in detail about the prices of farm and sideline products, such as grain, cooking oil, meat, eggs, and vegetables. He said: Market prices have a bearing on thousands upon thousands of households. We must bring inflation down. We must not take the road of stimulating economic development through inflation, from which people in many countries have learned a profound lesson. As far as the country's large and medium-sized cities are concerned, the rate of price hikes in Tianjin is relatively low. This is very good. I hope that Tianjin will further do a good job in controlling commodity prices and continue to take the lead in this regard. To keep market prices stable, it is necessary, first of all, to do well in the "rice bag" and "vegetable basket" projects and to persistently give top priority to agriculture in economic work.

On 13 December, General Secretary Jiang Zemin traveled scores of li by car to visit Houpupeng Village in Tianjin's Wuqing County. He was very glad to see that the party organization in the village had united and led the masses of peasants in improving farmland and reaping a bumper harvest year after year, that the village's collective economy had continuously developed and grown in strength, and that taking on a entirely new look, the village had been moving toward common prosperity. He said: It is very important for communists to play an exemplary leading role. A fine example has boundless power. It was already dusk when he left Houpupeng Village. Despite his fatigue from a day's travel, he went by car to see a "vegetable basket" project in Tianjin. After entering a large vegetable shed in Yixing Town, General Secretary Jiang chatted cordially with vegetable grower Song Keqin. When learning that Song Keqin and his family made 70,000 yuan a year by growing vegetables, General Secretary Jiang smiled and said: Your income is higher than mine. Congratulations to you on becoming getting prosperous through honest work! Song Keqin said: All this should be attributed to the party's good policy. I thank the party Central Committee and the general secretary. With deep feeling, Jiang Zemin shook his hand and said: I want to thank you, and

your municipal party committee secretary and your mayor also want to thank you for your contribution to filling up urban residents' vegetable baskets and stabilizing the prices of farm and sideline products.

Jiang Zemin also emphatically pointed out: In areas around large- and medium-sized cities, it is necessary to set up bases for large-scale and specialized vegetable growing and pig raising in order to ensure that urban residents' needs in daily life are satisfied. To strengthen agriculture as the foundation of the national economy and the staying power of its development, we must be firmly determined to increase investment in agriculture and the proportion of agricultural investment in the total amount of investment and strive to raise agricultural investment to a rational level within several years. Both the central and local authorities must do so.

The focus of Jiang Zemin's current inspection tour is to study the reform and development problems faced by state-owned enterprises. From 10 to 12 December, he consecutively inspected dozens of large- and medium-sized state-owned enterprises. In the workshops and by the side of the machines, the general secretary, while looking around, cordially shook hands with the workers and cadres on the frontline of production, exchanged greetings with them, and carefully asked them about the operation of funds, technical transformation, economic efficiency, and the income of workers and staff in the respective enterprises. On the afternoon of 12 December, General Secretary Jiang again invited 11 leaders of state-owned enterprises to a forum to hear their views and suggestions about enterprise reform and development. The directors or managers of the No. 3 Steel Rolling Mill, No. 1 Machine Tool Plant, Pharmaceutical Company, Darentang Medicine Manufacturing Plant, Renli Woolen Textile Mill, and Tianci Company of Tianjin separately introduced the path they had taken, the methods they had adopted, and the experiences they had gained in invigorating their enterprises by proceeding from reality. Each had invented something and each had its own characteristics.

The general secretary carefully listened to each entrepreneurs. He also frequently joined them in discussing the difficulties and problems encountered in the production and operation of enterprises. He particularly admired some state-owned enterprises in Tianjin which had reversed financial losses and achieved good economic results by working hard, tapping internal potential, carrying out technical transformation, and strengthening management. He said: The practice of these factories has proved that although there are still many difficulties—difficulties which cannot be resolved in a short period of time—confronting state-owned enterprises, yet if they raise up their spirit, work hard as one, and boldly blaze a new trail, state enterprises will be able to free themselves from a predicament, increase their vitality, and usher in bright prospects. It all depends on human effort to accomplish something, and the key to success is the work. Those who fear the current difficulties and lack

confidence in reinvigorating state-owned enterprises, those who are passive and pessimistic, and those who are in a state of inertia and believe that there is no hope should be corrected. The mentality of the leading body of an enterprise and of its staff and workers is very important to the survival of the enterprise itself.

Jiang Zemin pointed out: In the course of transforming their operating mechanisms and establishing a modern enterprise system, state-owned enterprises should pay particular attention to carrying out the following tasks. First, it is necessary to pay attention to the building of the leading body of an enterprise, because whether or not an enterprise can be run well depends on the leading body. It is necessary to build a contingent of enterprise leading cadres who are strong politically, work hard to carry out reform, keep forging ahead, are united and cooperative, are good at business operations and management, and know technology; second, it is necessary to pool funds for technical transformation and take the road of promoting development through intensive means. This way, enterprises do not have to spend a lot of money, but their efforts will yield quick results. If they can develop new and high-quality products with improved technology, equipment, and techniques, they will be able to defeat opponents by a surprise move; third, it is necessary to strengthen enterprise management in an all-round way, including production management, operational management, quality management, cost management, technical and equipment management, and management of workers and staff. Management must be constantly improved without the slightest negligence, for good management will yield results.

Comrade Li Baoming, manager of the Tianjin No. 1 Cotton Textile Mill, was right when he said: No matter what difficulties an enterprise is facing, so long as it improves management, it will be able to tap its potential. Strengthening scientific management is very important for an enterprise to consolidate itself and solve its problems, so management must never be neglected; fourth, governments at all levels, especially departments in charge of economic work, should vigorously coordinate with one another, support, and help state-owned enterprises in resolving their problems. The government's macroeconomic guidance should be closely integrated with enterprises' micro-efforts, so as to form an environment and condition for policies that will be conducive to guiding state-owned enterprises toward the market and fair competition.

Fifth, it is necessary to rely wholeheartedly on the working class, give full play to their role as masters of the country, and give full play to their enthusiasm, initiative, and creativeness in reform and development. This is a fundamental principle on the basis of which socialist enterprises can be run well. At no time should it be changed. In short, upgrading and improving state-owned enterprises is an arduous and complicated task. It is necessary to closely integrate the transformation of the operating mechanisms of enterprises with structural

reorganization, technical transformation, and scientific management, so as to make them promote each other. In these there are still many problems that need to be further explored and studied. Our general objective is that through sustained and unrelenting efforts, we are trying to turn state-owned enterprises into a superior force under the new situation of the socialist market economy.

During the inspection tour, Jiang Zemin also called on the comrades of the People's Liberation Army units, public security organs, and armed police units and visited Tianjin University and Nankai University in Tianjin. At a reading room in the Mathematics Institute of Nankai University, General Secretary Jiang met Dr. Zhang Weiping, who returned home after finishing graduate courses abroad. Shaking Zhang Weiping's hands, he said: Professor Chen Shengshen was proud of you as his student. The new breakthrough you made in mathematics has won honor for the Chinese nation. Jiang Zemin earnestly encouraged college students to treasure their educational opportunity and strive to increase their knowledge. He said: It is better to have comprehensive knowledge. In any branch of learning, one must acquire comprehensive knowledge before attaining excellence. Comprehensive knowledge and specialized knowledge are a dialectical unity. The general secretary said to the responsible persons of the two schools: Young students are in the stage of shaping their world outlook and outlook on life. So, more attention should be paid to educating them in patriotism and in correct world outlook and outlook on life. The ideological and political education can be completely acceptable to young people so long as we profoundly understand the characteristics of the young people in the new period and actively explore new ways to make the ideological and political education lively and vigorous while carrying on fine traditions.

When hearing a briefing given by the Tianjin municipal party committee and municipal government on their work, General Secretary Jiang fully affirmed their achievements while putting forward his earnest expectations. He said: The Tianjin Municipal CPC Committee and the municipal government have been serious in implementing the central authorities' principles and policies and have done a solid work. Tianjin has made remarkable progress in economic construction and other undertakings. He urged Tianjin's leading cadres at all levels to continue to study thoroughly Comrade Deng Xiaoping's theory on building a socialism with Chinese characteristics, continue to raise their awareness of the need to implement the party's basic line, always maintain a high degree of unity with the Central Committee politically, always keep to a correct orientation in reform, opening up, and modernization, work strictly according to objective law, strive to carry out all tasks, and do an even better job in economic development and social progress in Tianjin. At the same time, the general secretary urged the cadres at various levels to be concerned at all times about the ideological changes among

the masses during the shift from the old to the new economic structure, step up the ideological and political work with a clear objective in mind, and be always concerned about the livelihood of the masses; and to do everything possible particularly to help those masses with difficulties in livelihood overcome the difficulties. He emphatically pointed out: While our country's financial resources are still far from being sufficient at present, we should do more in "providing timely help" with respect to our spendings in dealing with the masses' livelihood.

On General Secretary Jiang Zemin's entourage during the inspection were responsible comrades of the departments concerned, as well as Zeng Qinghong, Zeng Peiyuan, Zhou Zhengqing, Wang Tailan, Teng Wensheng and Chen Qingtai.

Politburo Member Jiang Chunyun Inspects Henan

HK2112104994 Zhengzhou Henan People's Radio
Network in Mandarin 2300 GMT 16 Dec 94

[FBIS Translated Excerpt] From 11 to 16 December, Jiang Chunyun, member of the CPC Central Committee's Political Bureau and its secretariat, inspected Henan. During his inspection, he said: We must comprehensively analyze the agricultural and rural situation. We must be aware of our difficulties and problems, but we must be more aware of our favorable conditions. We must exert ourselves, work harder, and lose no time in improving agriculture and the rural economy.

Accompanied by provincial CPC Secretary Li Changchun, Governor Ma Zhongchen, and Vice Governor Li Chengyu, Jiang Chunyun inspected the agricultural and rural economic situation in Anyang, Xinxiang, Zhengzhou, and Zhoukou. He also inspected irrigation projects, wheat production, township and town enterprises, food markets, and cotton procurement in these localities. He paid special visits to some poor peasants in Baji township of Dancheng County, which has been struck by serious drought this year. He asked about their lives and production and encouraged them to strengthen their confidence, overcome difficulties, and improve their production for self-relief.

While in Henan, Jiang Chunyun listened to a work report by the provincial party committee and government and held talks with prefectural, city, county, and township leaders on expediting agricultural development. Jiang Chunyun fully confirmed Henan's achievements in implementing the party Central Committee's and State Council's major decisions on strengthening agricultural work and in developing agriculture and the rural economy. He encouraged them to make further efforts amid their successes to ensure further progress in agricultural and rural work.

During his inspection, Jiang Chunyun focused on how to seize the current good opportunity for vigorous agricultural and rural economic development, saying: Now

there are indeed some practical problems in agricultural production, but on the whole we are facing a good opportunity and have many favorable conditions. This good opportunity has stemmed from the continuous growth in the entire society's demand for agricultural products. As some peasants put it, all agricultural products can be sold and the prices are good. This has not been seen for many years. Following rapid national economic development, Henan peasants' lives have improved. [words indistinct]

In addition, the Party Central Committee and the State Council have taken serious account of agriculture and have introduced a number of policies and measures to protect the peasants' interests, thus effectively bringing into play their initiative in producing grain and other agricultural products. Through years of efforts, all localities have gained rich experience in developing agriculture and the rural economy, and the conditions for agricultural production have improved. All these are favorable conditions for expediting agricultural development.

Jiang Chunyun continued: As a large agricultural province, Henan must bring its strong points into play and energetically develop agriculture. On how to seize the opportunity for overall rural economic development, Jiang Chunyun stressed: There is a need to correctly handle the relations between increasing grain production and developing a diversified economy. We must carry out a diversified economy and develop township and town enterprises on the basis of steady grain production. In increasing the peasants' income, we cannot reduce the funding for grain production; instead we must actively develop fish breeding, poultry raising, and crop planting. Practice has shown that by developing fish breeding, poultry raising, and crop planting, the peasants can become better off. [words indistinct]

The peasants' income for this year has been estimated at 1,200 yuan. Therefore, it is necessary to strengthen infrastructure construction for agriculture and improve agricultural production conditions. Flooding still remains a big problem hindering agricultural development, so there is a need to pay constant attention to farmland water conservancy construction, to build irrigation projects, to carry out afforestation, and to transform low-yield fields, so as to put agriculture on a steady and high-yield basis. We must popularize agricultural technology and introduce fine varieties and new cultivation methods. In the course of increasing production, we must improve product quality. [words indistinct] [passage omitted].

Li Lanqing Attends Opening of Free Trade Zone

HK2012125694 Beijing CHINA DAILY in English 20
Dec 94 p 1

[By Cao Yong: "Nation's Biggest Free Trade Zone Opens"]

[FBIS Transcribed Text] The 5.5-square-kilometre Waigaoqiao Free Trade Zone—a landmark in Shanghai's Pudong New Area was put into running yesterday after passing official appraisal.

Vice-Premier Li Lanqing and Shanghai Mayor Huang Ju presided at the opening ceremony of the expanded Waigaoqiao Free Trade Zone.

Zhao Qizheng, Vice-Mayor of the city and director of the Pudong New Area Administrative Committee, told the opening ceremony of the Waigaoqiao Customs that the city should be bold as well as cautious in the development of Waigaoqiao.

"This means that the Waigaoqiao zone should be brought in line with international practices," Zhao added, "but the development of the Waigaoqiao should be under the supervision of the State Customs."

According to sources from the Shanghai Waigaoqiao Free Trade Zone Administrative Committee, the government-controlled bonded zone is divided into six parts, including harbour, warehousing, administrative and processing areas. Established in June 1990, the Waigaoqiao zone will eventually be China's largest free-trade zone with an area of 10 square kilometres.

Construction is underway for the remaining 4.5 square kilometres of the zone.

The whole zone is expected to be completed and put into running by the end of next year.

Located in the northeastern part of Shanghai at the mouth of the Yangtze River, waigaoqiao will have economic influence throughout the Yangtze River area. And its position favours access to Southeast Asian countries and the Pacific Rim.

The zone enjoys the highest degree of free trade and preferential policies in the nation.

The policies and treatments granted to the zone include:

- All goods entering or exiting the zone will be exempt from permit licenses, customs duties and value-added taxes.
- Importing building materials and equipment, fuel and vehicles for production purposes as well as office appliances to be used in the zone will be exempt from customs duties.
- Buildings constructed or purchased by foreign-invested enterprises for their own use will be exempt from property tax for five years from the month of the completion or purchase.
- Foreign currencies are freely circulated.
- Foreign trade enterprises are allowed to engage in international trade, to import raw materials, parts and components and to export finished products on behalf of the manufacturing enterprises in the zone.

Draft Law on Central Bank Submitted to NPC

OW2112105594 Beijing XINHUA in English 1038
GMT 21 Dec 94

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—A draft law on the People's Bank of China (PBC) was submitted to the 11th Session of the Standing Committee of the 8th National People's Congress (NPC) for examination here today.

The draft law, the first central bank law in China, aims at defining the status and responsibility of the PBC and making the state monetary policies more scientific and authoritative and correctly implemented and more favorable for the central bank to exercise macro-control. It also aims at strengthening the supervision and control of the financial sector.

According to the draft law, the People's Bank of China will be the central bank of the country and undertakes to formulate and enforce the monetary policies of the state and exercises supervision over the financial sector under the leadership of the State Council. The monetary policy should be aimed at maintaining the stability of currency and promote economic development.

The draft law has 47 articles in eight chapters, specifying the organizational structure of the People's Bank of China, Renminbi (RMB), the bank's operations, its role in supervision and control and its financial affairs, accounting and legal responsibilities.

The NPC law committee proposed that the draft law be adopted at the Third Session of the Eighth National People's Congress after the examination by the current NPC Standing Committee session.

Commercial Bank Draft Law Submitted

OW2112125194 Beijing XINHUA in English 1236
GMT 21 Dec 94

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—China is set to exercise strict management over its commercial banks in an endeavor to protect the interests of depositors, according to the revision of the Draft Law on Commercial Banks.

The draft revision was submitted to the standing committee of China's top legislature, the National People's Congress (NPC), for examination and approval today.

The draft revision sets a minimum standard of 1 billion yuan (about 117.6 million U.S. dollars) for the setting up of each commercial bank, and their organizational form should correspond to the relevant provisions in the already-promulgated Corporation Law.

The draft suggests that all the commercial banks should take the varying demands of regional economic development and regional banking business competition into consideration when planning to set up branches.

To protect depositors' interests, the revision rules that no commercial bank may inquire into, freeze or deduct depositors' saving accounts without proper authorization, and every commercial bank has the right to turn down any inquiry demand.

Meanwhile, the revision rules that commercial banks must guarantee the timely payment of principal and interest.

In addition, the modified draft sets clear and definite regulations for the banks' debt-assets ratio, provision of loans, direct investment and personnel administration.

It also restricts them when making direct investments by banning them from investing in non-banking enterprises and real estate irrelevant to themselves; they are specifically forbidden to engage in stock trading.

Illegal practices by these banks which lead to infringement of depositors' and other bank clients' interests may result in fines of up to 500,000 yuan (about 59,000 U.S. dollars).

Punishments for banknote counterfeiting and bank license forgery are to be worked out by the state in another regulation, said a senior official from the NPC Standing Committee.

Economist Says Stock Market Needs Readjustment

OW2112115794 Beijing XINHUA in English 0705
GMT 21 Dec 94

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—China's stock market should be readjusted in 1995 as it is inappropriate to deliberately encourage the market to be bullish, "CHINA SECURITIES" today quoted Economist Liu Guoguang as saying.

Liu criticized some people for advocating inflation to prod economic growth, saying: "We should never bring prosperity to the stock market by loosening controls over the money supply."

That approach will benefit only a small number of people, but will result in the widening of gaps in terms of income distribution and distort the resources distribution, he explained.

Under conditions of inflation, the stock market, like the real estate market and futures market, is likely to lead to a fever for speculation, he said.

Then many people will flock to the stock market in pursuit of excessive profits, giving rise to what Liu called the "bubble phenomenon."

Once the bubbles vanish, a plunge in the stock market will occur, with the result that most shareholders will suffer heavy losses, he said.

"Both the speculation fever and the collapse in the stock market are detrimental to China's social and economic development," he added.

According to Liu, the Chinese Government will take effective measures in 1995 to curb inflation, providing a good opportunity for the stock market to readjust.

"I think the Securities Law should be promulgated as soon as possible so that the stock market will operate according to the new law," he said.

In 1995, the development of the stock market should go hand in hand with the establishment of limited-liability joint-stock companies, he said.

Shareholders should be encouraged to make long-term investment instead of speculation-based short-term investment, he noted.

Liu Guoguang predicted that more treasury bonds will be issued next year than this year, so that they are likely to play a dominant role in the securities market in 1995.

State Enterprises Said Emerging From Bankruptcy

HK2012130694 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0940 GMT 14 Nov 94

[FBIS Translated Text] Hong Kong, 14 Nov (ZHONGGUO TONGXUN SHE) According to an ancient Arabian myth, the Phoenix lived 500 years, burned itself to ashes on a pyre, and rose youthfully alive from the ashes, charming and beautiful. Today, some enterprises in Mainland China, just like a Phoenix, are seeking opportunities for a new life after going into bankruptcy.

After the Shenyang Explosive-Proof Equipment Factory went bankrupt, the first case in China, half of its more than 7,000 employees started individual business operations, and many of them have found fortune, while the other half of the workforce all found new jobs.

In early February this year, the 1st Plastics Works in Shaoxing, Zhejiang Province, went into bankruptcy and its property, valued at approximately 10 billion yuan, was purchased by the Lizhu Iron Ore Corporation. The ruins of the "dead" enterprise were soon revamped into three modernized factories which have already gone into operation.

According to approximate statistics, by the end of 1993 more than 600 enterprises in China had closed down and over 70 had been officially listed in the "death records." In 1993, 438 bankruptcy cases were heard throughout the country.

Economists hold that the implementation of bankruptcy will help eliminate lifeless enterprises, thus effectively pushing forward the circulation and recomposition of the factors of production, which will in turn be better developed and rationally combined.

According to the latest issue of the magazine CHINESE WORKER [ZHONGGUO GONGREN], the State Economic and Trade Commission has chosen 18 cities as testing grounds for the rationalized restructuring of industrial enterprises. So far, 156 enterprises in China have been reportedly referred to the relevant departments as subjects for the bankruptcy experiment. While the trial is under way, the "Regulations Concerning the Implementation of Bankruptcy" have been repeatedly subjected to amendment and revision.

Reemployment is the most difficult issue involved in putting bankruptcy into practice. The government has attempted a dual-solution proposal. Compensation by lump-sum payment has been adopted in Zhenshen and Shenyang to terminate the employment relationship between the state and workers. The payment per head is between 15,000 and 25,000 yuan. However, in many cities, there are insufficient funds available at any one time. Some experts suggest that state-owned land occupied free by the bankrupt enterprise should be taken back by the state instead of being taken as its fixed assets and should then be let for payment, and the proceeds thus gained should be primarily earmarked for lump-sum payments to dismissed workers.

Official Says High Inflation 'Price' of Reform

HK2112104794 Hong Kong AFP in English 1002 GMT 21 Dec 94

[FBIS Transcribed Text] Beijing, Dec 21 (AFP)—Accelerated economic reforms have cost China dearly in terms of rampant inflation, with weak market distribution regulations exacerbating the situation, a top State Planning Commission official said Wednesday.

The annual inflation rate of about 24 percent "is the price we have paid for accelerating our reforms, especially reform of the country's pricing mechanism," said the commission's vice minister, Wang Chunzheng.

At the same time, laws and regulations governing the circulation of goods and commodities "have yet to be improved and perfected," resulting in random price rises, Wang told reporters.

Labelling inflation as the "most acute problem" facing the Chinese government, Wang said 60 percent of the inflationary rise could be attributed to food price hikes. Some Chinese economists have put the figure at 80 percent.

Severe drought and flooding in spring, which affected some 50 million hectares (123 million acres) of farmland, resulted in a shortage of some agricultural products and further fuelled price rises, Wang said.

However, he denied reports that China's grain sector was facing a crisis that would result in a 70-million-tonne shortfall by 2000.

While admitting that the 1994 grain output would be down on last year's 450 million tonnes, Wang said

production would top 500 million tonnes by the turn of the century, maintaining the current per capita output of 380 kilograms (836 pounds).

Commission Reports Progress in Macro-Control

OW2112102194 Beijing XINHUA in English 0949 GMT 21 Dec 94

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—China has achieved good results this year in promoting the reform of its economic macro-control system in the fields of finance, taxation, foreign trade and foreign currency management.

According to the State Commission for Restructuring the Economy, remarkable headway has been made in the following four aspects:

—A framework of tax sharing has been set up in the country with the forming of two taxation bodies—the State taxation bureaus and local taxation bureaus. They have all started operation.

The country has made a major adjustment in the turnover tax system by simplifying tax rates and establishing value-added tax.

It has unified the rates of enterprise income tax for domestic enterprises and personal income tax, and readjusted some taxes such as natural resources tax.

The implementation of the new system has been proved satisfactory as it was expected. This reform would create positive effects on the improvement of China's financial situation, according to officials of the commission.

In the first 11 months of this year, the national tax revenue reached 419.5 billion Yuan (about 52 billion U.S. dollars), 18.9 percent higher over the same period of last year.

—The financial reform has been pushed forward smoothly. The role of the central bank in stabilizing Renminbi money and supervising monetary operations has been strengthened, and macro control over finance has been improved.

China has made an important step in separating the functions of policy-lending banks and commercial banks by founding the State Development Bank, Import and Export Bank of China and Agricultural Bank of China.

Financial legislation has been stepped up. The Chinese State Council has already submitted the Draft Law Governing the People's Bank of China and the Draft Bank Law to the National People's Congress (NPC) for deliberation.

Illegal inter-bank lending and borrowing and fund collecting have been put to a stop.

Since the beginning of this year, China has done well in controlling money supply and credit scale.

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—Major progress has been made in foreign currency management. The country has succeeded in unifying the exchange rates.

The success in foreign currency management has laid a foundation for forming a floating exchange rate system on the basis of market needs, and for renminbi to enter the international market.

—Foreign trade reform has made further achievements. China has abolished the mandatory plan for foreign trade and adopted a guidance system for total import volume, foreign currency income from export and expenditure for import.

It has improved quota management for imports and exports of some major commodities. The country has tried out bidding methods on quota assignment of 13 kinds of goods.

China has made further readjustment on tariff rate structure, lowered the total level of tariffs, and improved the export rebate system.

It has made efforts to promote development of foreign trade legislation.

By the end of November this year, China made an import volume of 97.75 billion U.S. dollars and an export volume of 102.53 billion U.S. dollars, respectively 13.8 and 31 percent up over the same months of last year.

Beijing To Increase Supplies During Festivals

OW2012170494 Beijing XINHUA in English 1629
GMT 20 Dec 94

[FBIS Transcribed Text] Beijing, December 20 (XINHUA)—China plans to increase market supplies to bring inflation under control in the run-up to New Year's Day and the Chinese Lunar New Year, or Spring Festival, which falls January 30.

At a press conference here today, Ding Junfa, spokesman for the Ministry of Internal Trade (MIT), explained that the ministry issued an emergency circular Monday on averting possible pressures from spending sprees during the festivals.

According to statistics, China's inflation rate was 27.5 percent in November, a slight 0.2 percentage drop from the previous month.

The MIT called on local business departments to boost the supplies of grains, edible oils, pork, sugar, vegetables, beef, lamb, poultry, eggs and aquatic products.

The ministry also called for supplies of daily necessities be guaranteed, Ding said.

And preference should be given to the needs of households with low incomes, the jobless, workers in struggling enterprises, college students and servicemen, he added.

The ministry will also try to satisfy the expected boom in the rural markets in this period, Ding said.

Business hours will be extended, and more retail sales networks and mobile business stands will be set up, he said.

Also during the period, there will be a stringent campaign against fires in shops and illegal business activities, he noted.

China Seeks Foreign Funds for Three Gorges Project

OW2012133394 Beijing XINHUA in English 1316
GMT 20 Dec 94

[FBIS Transcribed Text] Beijing, December 20 (XINHUA)—China is "highly likely to raise money next year from overseas for the gigantic Three Gorges Dam construction project," a high-ranking official in charge of the project said here today.

A program to raise three billion U.S. dollars during the next decade is expected to go into effect next year, said Guo Shuyan, deputy director of the State Council's Three Gorges Project Construction Committee.

The committee estimates that within the next decade China will need three billion U.S. dollars in overseas funds to buy the necessary equipment for the construction project, including turbine generators with generating capacity of 700,000 kw each.

Guo said many international financial institutions have taken part in the research work for international fund raising, with some showing their intention to undertake money raising or to act as advisors for overseas fund raising. Such institutions include the Morgan Group of the U.S. and the Nomura Securities Corporation of Japan.

The project will cost about 90 billion yuan (about ten billion U.S. dollars) when calculated at 1993 prices, including 40 billion yuan for the resettlement of about 1.13 million local residents.

Guo added that investment in the project will mainly come from the Three Gorges Project Construction Fund, which China has established by raising electricity prices and from the profits produced by the Gezhouba Hydropower Plant.

Profits will be made by the Three Gorges Hydropower Plant in the 11th year of construction, or the year 2003, when the first group of generators go on-line.

The Three Gorges Hydropower Plant will generate about 500 billion kwh during the period 2003-2009, when 26 generators will become operational one after another, producing a profit of 100 billion yuan a year.

By the 13th year of construction the Fund and the profits produced by the Gezhouba and Three Gorges hydropower plants will be able to offer enough money

needed for the construction in 2005. No outside loans will be needed from the year 2006, the official said.

Between 2006 and 2010 the project will be able to service both loans and interest.

Guo said a total of 146.8 billion yuan is needed for the first 13 years of construction, including the shortfall, or 25 billion yuan provided by the State Development Bank, and a total of three billion U.S. dollars in overseas funds in the form of export credits, commercial loans and bonds.

The Three Gorges project, the biggest civil engineering job ever in the world was officially launched last week.

Yearend Article on China Entering World Economy

HK2112055494 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 16 Dec 94 p 1

["Yearend special article" by staff correspondent Xu Zhengzhong (6079 2973 0022): "Ascending the Stage of the World Economy"]

[FBIS Translated Text] Almost all economists all round the world, despite their varied and even diametrically opposite views, have taken note of and recognize this fact: The Asia-Pacific region is at present the world's fastest-growing and the most vital and dynamic economy, and China is the most noteworthy and attractive place for investors around the world. All this shows incontrovertibly that China with its population of 1.2 billion is steadily ascending the stage of the world economy under the pull of the wholly new mechanisms of reform and opening up.

There is no need to hide the fact that the old systems under the planned economy and a single mode of public ownership once threatened to throttle China's economy, slowing it down and leaving it far behind in the world economic race. But reform and opening up released the potential of China's economy. From 1978 to 1993, China's economy developed continuously, and its combined national strength was greatly enhanced, with GNP rising at an annual rate of over 9.3 percent. The sustained, rapid, and healthy growth momentum has continued this year, making China the fastest-growing economy in the Asia-Pacific region and the world. In recent years, economic reform in China has progressed on all fronts, moving from the isolated repudiation of the old system to the new stage of building a full socialist market economic system. The traditional planned economy has come under a full onslaught; the pace of marketization in the entire economy is becoming increasingly faster; the single mode of public ownership has been smashed, and a pattern of the coexistence of multiple economic elements is taking shape. In particular, the non-state-owned economy is growing rapidly with a strong momentum and has become a far from

negligible force behind China's economic development propelling the formation of markets and a market system in China.

As the commodity economy thrives, factor markets, especially capital and labor markets, have also developed. The step-by-step completion of two national securities exchanges in Shanghai and Shenzhen, the operation of the Grade-2 national bond market, and overseas listings of big Chinese enterprises all indicate that China's capital market is in the making. In recent years, investment funds raised by enterprises accounted for over half of the total amount of investment in state fixed assets, indicating that market-allocated resources are playing an ever-increasing role. According to statistics, about 85 percent of enterprises in China now rely on the market for their raw materials; and most enterprises are facing the market in production and sales plans. It can be said that China's microeconomy has to a large extent been marketized. Without doubt, this has laid a good foundation for China in moving toward a rudimentary market system by the end of this century and created the necessary preconditions for continuing with rapid and stable economic operations in the 21st century.

Opening to the outside world has enabled China's economy to gradually integrate with the world economy. From opening the east coast to setting up special economic zones, from opening along rivers to opening along borders and in inland regions—in the latter case step by step and stage by stage—all these significant moves have formed a pattern of full opening up in China. In the last 15 years, China's foreign trade has maintained a good growth momentum, with imports and exports growing at an average annual rate of 16 percent, higher than the average annual GDP growth rate and the world trade growth rate in the same period. China's total import and export value last year was \$195.8 billion, lifting China from 32d in 1978 to 11th position in world trade status. The total value of imports and exports for the first 11 months of this year was \$200.2 billion, up 22 percent over the same period last year.

China now maintains economic and trading relations with 220 countries and regions, is a member of many international economic organizations such as the World Bank and the IMF, and is working unceasingly to restore its signatory status with GATT. China is also working actively to attract foreign capital with which to develop the domestic economy, approving so far an aggregate 200,000 projects of direct foreign investment. The number of large overseas and noted multinational corporations investing in China has increased noticeably in recent years, and the sectors invested in and patterns of cooperation are being diversified. All this has not only expedited the process of making China's economy operate according to international standards, but also deepened greatly the complementary relations between it and the global economy.

Viewed as a whole, the 1990's is an era of political and economic multipolarization, in which peace, reform, and

development have become the themes for the contemporary world, with economic competition replacing political and military confrontation and conflict. The convergence of China's economy, that of the world's largest developing country, with the world economy without doubt will have a profound influence on the development and changes in the entire global economic pattern. First of all, a market with a 1.2-billion-strong population will be a key part of the world market, providing countries and regions around the world with conditions and an opportunity to access this big market as a point of entry into economic cooperation with China in various sectors. China's pursuit of economic construction on a bigger scale and its greater integration with the global economic system also promise rich rewards for countries in trade and economic cooperation with this country of huge development potential. Furthermore, the Asia-Pacific region is now the center of economic growth in the world, and China, including the Hong Kong region, is the center of economic growth in the Asia-Pacific region. Therefore, economic prosperity and development in mainland China and Hong Kong will have an important influence on the prosperity and development of the world economy.

It can be asserted with absolute certainty that China, on its way toward full revitalization, in pursuit of a socialist market economic system, and in fully opening itself up to the outside world, will be converging with the global economy at a greater speed, ascending with great and sure steps the stage of the world economy, and playing an increasingly luminous and important role amid acute competition.

Article on Stable Exchange Rate Despite Inflation

HK2012130394 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1105 GMT 17 Nov 94

["Special article" by Shao Ling (6730 7227): "Reasons Why Renminbi Has Not Depreciated Under Situation of High Inflation"]

[FBIS Translated Text] Hong Kong, 17 Nov (ZHONGGUO TONGXUN SHE) Recently, due to the fact that demand for the renminbi [RMB] is bigger than supply, the exchange rate of the U.S. dollar at the Shanghai Foreign Exchange Centre has risen a little. It has been quite stable, remaining between 8.5152 and 8.5154 in the middle of November, so that people have changed their minds about anticipating that the exchange rate of the RMB would drop by a big margin as a result of inflation. The firm position of the RMB promotes increased Chinese exports and the attraction of foreign investment.

The reason why the exchange rate of RMB has risen a little bit against a stable background is primarily because the macroeconomic regulation and control policies of the Chinese authorities have produced certain effects. Since the beginning of this year, the authorities have adopted a series of measures to suppress inflation, for

example, strict control over the total volume of money in circulation and loans for fixed-assets investment was exerted so much so that the rate of investment growth dropped remarkably. Last May, investment in state-owned enterprises dropped 16.3 percent compared with the previous month. In the meantime, because of the rise in interest rates on savings, all categories of savings deposits rose sharply, and withdrawal of currency from circulation was quite successful. Moreover, the People's Bank of China [PBOC] decreased the use of money lending while increasing re-discounting and mortgage loans, absorbed idle money in society, and exerted control over the volume of currency in circulation by issuing more government bonds and increasing foreign currency savings. Thus, the overwhelming momentum of the rise in investment was put under control, the rising range of commodity prices started partially shrinking, and inflation is no longer worsening.

The second reason is that since the unification of the dual-track foreign exchange rates, which came into effect last January, the RMB has forcefully pushed up exports (it is expected that the annual increase this year will be more than 30 percent), and the deficit of past years will be turned round to achieve a balance of imports and exports. Flourishing foreign trade has brought a big increase in the state's foreign exchange reserves, which are expected to exceed \$30 billion. In addition, the payment rate of foreign capital investment is higher than before, and the actual inflow of foreign capital this year is estimated to be more than \$33 billion. Therefore, as there is sufficient supply in the foreign exchange market, naturally the RMB has stabilized. Zhu Xiaohua, deputy president of the PBOC and head of the State Bureau of Foreign Exchange Management, said recently that there was no direct relationship between inflation and the RMB exchange rate in China, as the influx of a large amount of foreign capital into the mainland entails exchanging U.S. dollars and Japanese yen for RMB and stimulating demand for RMB, which intangibly offsets depreciation pressure on the RMB caused by inflation [sentence as received].

The third reason why the RMB is stable is that the tendency of U.S. dollar on the foreign exchange markets has been downward recently, especially the successive fall of the dollar against the Japanese yen and the German mark, to 97.80 and 1.518 respectively, the lowest level since World War II. The slight rise in the exchange rate between the RMB and the dollar has certainly been influenced by the fall of the dollar.

As a matter of fact, since the unification of the dual-track exchange rate early this year, by implementing a managed floating exchange rate system based on supply and demand in the market and setting up a foreign exchange market guided by unified norms, China has satisfied the regulations and demands required of a member of the IMF. This is favorable for China's endeavor to restore its status as a signatory member nation of the GATT and in creating conditions to realize the convertibility of the RMB. All of the above factors have led to a stable RMB.

However, the realization of RMB convertibility is a long-term target. Generally speaking, free convertibility of any currency has to be realized through three stages: non-convertible, conditionally convertible, and freely convertible. For any currency to be sufficiently free, a sound well-developed market system and a structural mechanism linked with the international market are required. The time when the RMB can be freely convertible will mainly be decided by the level of economic development and the degree of reform and opening up to be reached in the coming years. At present, the RMB is experiencing a stage of conditional convertibility. In addition to the fact that the RMB is now convertible between banks, on the foreign exchange market, and the Foreign Exchange Regulatory Center, the mainland authorities plan to systematically develop financial products relevant to the conversion of the RMB into foreign exchange, such as foreign exchange futures trade, options trading, and swap deposits. After reforms like these are implemented further, the RMB will certainly be transformed into a freely convertible currency.

Science Research Institutions Boost Exports

OW2112085094 Beijing XINHUA in English 0838
GMT 21 Dec 94

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—Exports of China's science research institutions with the right to export their products are expected to top 100 million U.S. dollars this year, according to the Science and Technology Daily.

This figure will be more than double the figure of 44 million U.S. dollars for last year.

After Vice-premier Li Lanqing learned the news, he encouraged these institutions to learn from the experience and make further progress.

"To give research institutions autonomy in exports is one of the strategic measures of industrializing science and technology, and increasing the content of technology and value of export-oriented products," Zhu Lilan, vice-minister of the State Science and Technology Commission, said.

The paper noted that these institutions have positively explored the international market while establishing cooperative relations with professional foreign trade companies.

Tax Evasion by Foreign Nationals Revealed

OW2112085894 Beijing XINHUA in English 0832
GMT 21 Dec 94

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—Government departments in charge of individual income tax of foreign nationals in China are urged to tighten management, following an investigation showing that some 30 percent of the foreign nationals in the country are tax dodgers.

The investigation discovered that 9,695 of the 33,190 foreigners surveyed in 16 provinces, municipalities and autonomous regions, including Fujian province and Beijing and Tianjin municipalities, evaded individual income taxes to the tune of 18.06 million yuan (about 2.07 million U.S. dollars) from July through September alone.

Su Xiaolu, a tax official with the State Administration of Taxation, said that the tax evaders had under-declared their total incomes and the length of their stay in China.

Article Urges Party Building in Foreign Firms

HK2112105194 Beijing LIAOWANG in Chinese No 46,
14 Nov 94 p 13

[Article] Huang Haixia (7805 3189 7209): "Party Building Work in Foreign-Funded Enterprises Is Going Through a Process of Exploration and Development"]

[FBIS Translated Text] Since reform and opening up, foreign-funded enterprises—an entirely new economic organization—have been cropping up throughout China in large numbers. Due to the unique nature of in the ownership of the means of production, management system, operational form, relations of distribution, as well as personnel composition, these enterprises have posed new problems for the building of our party grassroots organizations.

In view of reality, what effective measures should be adopted to do a good job in party building in foreign-funded enterprises? In recent years, party organizations at all levels in the development zones where foreign-funded enterprises have gathered, while making efforts to speed up the construction of the development zones, improve the investment environment, and actively invite investment and import foreign, have made it a fundamental task in the construction of the development zones to establish party organizations and promote party work in foreign-funded enterprises. As a result, party building in development zones has been greatly strengthened. Proceeding from paying attention to the particular characteristics and reality of the foreign-funded enterprises, our party organizations accurately select and grasp the linkage between the party and economic work to give play to the nucleus role of party organizations among employees of the Chinese side, so that party work is indeed indispensable for the enterprises and genuinely welcomed by party-member employees.

After several years of exploration, various development zones have resulted in many effective methods. For example, the Dalian Development Zone, based on correctly analyzing the ten major contradictions existing in foreign-funded enterprises, has summed up the "six integrations" tactical principle. The Yantai Development Zone has created in its practical work the "ten work methods." The Tianjin Development Zone has issued certificates for party members' activities and has formulated a system of studying one book in each

quarter. The Guangzhou Development Zone has developed many selective and multi-channel flexible work mechanisms. All these measures have effectively guaranteed the implementation of the party's decisions and have promoted smooth progress in the business operations of enterprises funded by foreign businessmen.

Within foreign-funded enterprises, how should we correctly handle the relations between party organizations and boards of directors? This is a common problem facing all foreign-funded enterprises in which party organizations have been established. While upholding the principles of opening up and cooperating well with foreign investors, party organizations in various development zones should organize party members to implement the correct decisions of boards of directors through the role played by party-member decisionmakers and managers of the Chinese side. Under the prerequisite of not affecting enterprise production and work, they carry out spare-time, small-scale and flexible party activities, so that foreign investors will gradually understand and approve of such activities.

To strengthen leadership over the building of grassroots party organizations in foreign-funded enterprises, special working organs in many development zones have cooperated closely with administrative departments and mass organizations to implement a target-directed responsibility system for party building and have established party organizations as soon as possible in enterprises with the appropriate conditions. For those enterprises which lack conditions for establishing party organizations because there is an insufficient number of party members, a joint party branch is set up to group together scattered party members in nearby foreign-funded enterprises to strengthen education and management for them. Consequently, a marked increase has been achieved in the coverage rate of grassroots organizations in foreign-funded enterprises, and the work of enrolling new party members has also been considerably improved. According to statistics, up to now, of the 3,092 foreign-funded enterprises in 34 national-level development zones, grassroots party branches have been established in 704 enterprises, and the number of party members has reached 8,278, 975 of whom are newly enrolled party members.

However, with the expansion of development zones and the continuous increase in the number of foreign-funded enterprises, party building work in foreign-funded enterprises in these zones are facing many new problems, which are mainly reflected in the following:

—Some party members, particularly party cadres and party-member senior managers of the Chinese side have, in varying degrees, various kinds of muddled views on carrying out party work in foreign-funded enterprises. Some maintain that party work in foreign-funded enterprises is not essential. Others even think that party work in such enterprises may frighten foreign investors away and adversely affect the inflow

of foreign capital. All this has been manifested in practical work, in that the party work does not receive due attention and the position of the special departments in charge of party work has been on the low side. The cadres in charge of party affairs have a general feeling of insecurity, the contingent of party affairs workers is not stable enough, and the funds for carrying out party work are not guaranteed. All this has directly affected the improvement of party work.

In some development zones, the relationship of administrative subordination in grassroots party organizations has not yet been clearly defined; it is still cut apart instead of being fully coordinated. In most foreign-funded enterprises, although the personal affiliation of party members has been transferred to the relevant development zones, their party membership still remains in the former responsible departments of the Chinese side. This has posed a difficulty for promoting party work in the development zones as a whole. In addition, some responsible departments do not have sufficient experience in carrying out party work in foreign-funded enterprises and fail to provide it with effective guidance. As a result, party building cannot be carried out in increasing numbers of enterprises. Party organizations in some enterprises are weak and lax, and their work is ineffective.

—Party work has not yet adapted itself to the new characteristics of the development and changes in development zones, and the new problems arising in the expansion of socialist market economy, including relations between party organizations and boards of directors in the relevant foreign-funded enterprises, the way taken by party organizations to effectively administer and supervise party-member cadres, relations between the flow of qualified personnel and party members subordinating themselves to job arrangements made by party organizations, and so on. Work methods employed by party organizations are still unable to keep pace with the times.

—The development of party building work in foreign-funded enterprises in various development zones throughout the country is uneven.

How should these problems be tackled to strengthen and improve party building work in foreign-funded enterprises in the development zones?

This reporter has learned from the Fourth National Forum on Party Building Work in Development Zones recently held in Tianjin that some localities have formulated relevant counter-measures for solving the above-mentioned problems. First, it is necessary to further enhance our understanding of the importance of promoting the building of party organizations in foreign-funded enterprises and truly strengthen the leadership over party work in foreign-funded enterprises in development zones. Second, it is necessary to sum up and popularize successful experience achieved by various localities in practical work in a timely fashion, bring into

full play the role of model units, and constantly ensure still greater progress in party building work. Third, in conjunction with the implementation of the spirit of the Fourth Plenary Session of the 14th CPC Central Committee, it is necessary to gradually raise the legislative level of the existing guidance documents to ultimately turn them into regulations with certain legal validity so as to promote the in-depth development of the work. Fourth, it is necessary to strengthen theoretical study of party building of foreign-funded enterprises in development zones, and quickly codify the experiences gained by various development zones as theories, and generalize and summarize them, so that we can make many achievements of guidance significance in our study.

Implementation of Patent Laws To Be Strengthened

HK2112083894 Beijing CHINA DAILY in English 21 Dec 94 p 5

[By Sun Hong: "Patent Violators Get New Warning"]

[FBIS Transcribed Text] China will continue to strengthen the administrative implementation of laws and regulations on patent protection, a senior government official said yesterday.

The pace of patent applications has increased quickly. By October 31, the Patent Office of China had received 423,204 applications from China and abroad and had granted patent rights in 217,129 cases.

"Apart from the growing patent applications, cases involving patent right violations have risen fast too, which calls for improved performance on patent protection," Gao Lulin, director of the office, said at a news conference.

The issue will be discussed at a national meeting of administrative bodies on strengthening patent protection work, which opens today in Beijing.

The meeting, which will continue to Saturday, will focus on exchanging experiences in the handling of patent infringement cases and on discussing a draft document titled "Administrative Implementation of Patent Laws and Regulations."

The draft will be sent to the Standing Committee of the National People's Congress soon.

Patent violators and holders of fake patents will face heavy administrative penalties in coming months as the office strengthens its enforcement of patent laws and regulations, Gao said.

Meanwhile, patent administrative bodies will be given more power to investigate and seize items related to cases of alleged patent infringements.

Gao called for more efficiency in dealing with patent violation cases. Clear regulations on the procedures for

declaring a patent invalid are expected to come into effect soon and help achieve the improvement.

As another step towards curbing patent violations, patent administrative bodies will be empowered to deal with a wider variety of patent disputes, including disputes over patent violations, usage fees during the protection period of a patent, rewards to inventors, patent application rights, patent ownership and patent contracts.

Among the disputes settled by administrative bodies, 70 per cent have been resolved through arbitration. This sets a good example and should be continued, Gao said.

By the end of October, 2,305 patent disputes had been sent to 37 Patent Office branches across the country. Of the total cases, 2,021, or 87.7 per cent, have been resolved.

Domestic and overseas experts agree that the development of patent law in China has kept in pace with the international trend, but problems lie in enforcement.

The country will continue to strengthen patent enforcement, both administrative and through the courts.

Electronics Firms To Get Quality Certificates

HK2012125894 Beijing CHINA DAILY in English 20 Dec 94 p 2

[By Xiao Pei: "Lab Set Up To Certify Electronics"]

[FBIS Transcribed Text] If China's electronics enterprises want to export their products to the United States, they have to get Underwriter Lab (UL) quality certificates.

But foreign companies can enter the Chinese market without such requirements. This situation will soon change.

China Cerep Laboratories was officially set up on Sunday in Beijing with the aim to become China's Underwriter Lab equivalent.

"Without a powerful support of quality-testing organizations, the competitiveness of China's electronics products is severely blunted on the world market," said Lu Xinkui, vice-minister of Electronics Industry.

China's exports of electronics products exceeded \$8 billion last year, creating a high demand for examination of quality.

"The task of Cerep is to help the industry improve product quality and serve exports," Lu said.

Headquartered in Guangzhou, capital of Guangdong Province, Cerep has been jointly set up by 10 domestic laboratories.

Ye Yuqing, president of Cerep, said these laboratories hope to unite to compete with overseas labs and establish its reputation and authority on the world market.

As the largest quality-testing lab in the country, Ceprei's revenue is expected to exceed 200 million yuan (\$23.5 million) by 2000, Ye said.

With more than 2,000 employees, Ceprei inspects audio and video products, telecommunications equipment, computers and electronic instruments and components.

It is also authorized to issue ISO9000 certificates, a quality standard accepted internationally said that Ceprei plans to enter the international market and co-operate with the world's renowned labs.

Ceprei will set up branches in foreign countries to expand its business in coming years, he said.

Trademark Business Reportedly 'Surged' in 1994

OW2012152494 Beijing XINHUA in English 1505
GMT 20 Dec 94

[FBIS Transcribed Text] Wuhan, December 20 (XINHUA)—China's trademark business has surged, with 125,000 applications for registration in the first 11 months of this year, a hefty 6.85-percent rise from the same period of last year, according to an ongoing meeting here.

According to the National Working Conference on Trademarks, the number of the country's registered trademarks had totaled 461,000 by the end of November this year.

Thanks to the enforcement of the Trademark Law, the whole nation's understanding of trademarks has been greatly enhanced, and most enterprises in the country are now actively applying for trademarks.

According to the meeting, the trademark agency system has been improved dramatically since it was started in 1991. A total of 97 trademark agencies, with nearly 1,000 employees, have been set up across the country.

China has joined several leading international trademark organizations; it became a member of the World Intellectual Property Organization in August this year.

State Statistical Bureau To Certify Survey Teams

SK2112091794 Beijing XINHUA Domestic Service in
Chinese 1842 GMT 20 Dec 94

[Report by Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 20 December (XINHUA)—According to a reporter's dispatch from the State Statistical Bureau, all personnel in social and economic survey teams in urban areas throughout the country will carry out their surveying activities by showing the unified certificate for the survey from 1 January 1995 to enable them to normally perform their duties in the survey and to ensure the completion of the state statistical work in various fields.

The first issuance of a unified "certificate" by the State Statistical Bureau to all personnel of social and economic survey teams of urban areas across the country is aimed at enabling these personnel to carry out their operation under the authority of the certificate, to smoothly obtain data in various fields, and to provide an objective basis for party and government departments at all levels to make their policy decisions. It is also aimed at bringing into full play the vanguard role of governmental organs and information institutions in rendering services under the conditions of the socialist market economy for various social circles and at gradually standardizing and systematizing market survey and information collection. Major contents in the survey are as follows: These survey teams should be responsible for collecting data throughout the country in the fields of commodity prices, household living conditions, and market supply and demand; for investigating the problems of "hot-debated points" and "difficult points"; for collecting in a regular manner the data of the scope, structure, and employment of households; and for gathering the trend of purchase power, the intent of people's bank deposits, the volume of commodities possessed by the people, and the general level of commodity prices across the country.

Localities Urged To Examine Output Statistics

HK2112105694 Beijing XINHUA Domestic Service in
Chinese 2123 GMT 13 Dec 94

[By reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 13 Dec (XINHUA)—The State Statistical Bureau recently issued a circular, requiring all localities to attach importance to the self-examination and self-correction of the output value statistics of their 1993 output value.

The State Statistical Bureau required various localities to take serious steps to check the tendency to exaggerate the output value statistics of township and town enterprises. In the course of self-examination and self-correction, they should strictly follow the four-point standard for township and town enterprises and calculate their output value according to the unified statistical norms. Attention should be paid to comparing the output value figures with the sales income and taxes in the accounting books.

The State Statistical Bureau pointed out that attention should be paid to preventing following practices: The output value is fixed by leaders at a meeting; the output value is fabricated in the name of a non-existent enterprise; the output value of an enterprise which has suspended operations completely or partly is still reported as in the past; the output value is reported according to the planned target or the designed capacity; the output value of the same enterprise is reported twice at the village level and the township level; the value of semi-finished products is also included in the output value; the output value of construction projects in townships and villages which remain economically backward is

generally exaggerated; the output value of individual-run enterprises and enterprises contracted to individuals is exaggerated; and the output value of individual-run businesses without business licenses is also included in the statistics.

Vice Minister on Increased Color TV Production

*OW2112110894 Beijing XINHUA in English 0909
GMT 21 Dec 94*

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—China is expected to produce 14 million color TV sets this year, ranking itself among the major color TV producers in the world, according to the "SCIENCE AND TECHNOLOGY DAILY" report.

Though export figures for this year are not available, the country sold 4.6 million color TV sets abroad last year, the newspaper said. [sentence as received]

Zhang Jinjiang, vice-minister of the electronics industry, was quoted by the newspaper as saying that China has succeeded in establishing a complete system of color TV production of its own through 15 years of continuous effort, by introducing and absorbing the latest technologies in this field from overseas.

At present, the country boasts an annual production capacity of 20 million color TV sets and an assembly capacity of 15 million sets.

The vice-minister revealed that China has focused most of its attention on improving its ability to produce TV sets on its own when developing its color TV industry.

The country is now able to make 95 percent of the parts for medium- and small-sized color TV sets and uses more Chinese accessories, production equipment, and raw materials than before. It has also applied such technologies as CAD [computer-aided design], CAM [computer-aided manufacturing], and CAT [expansion unknown], which prevail in overseas color TV production.

To improve the quality of the color TV sets, the Ministry of Electronics Industry has issued policies to ensure the level of high technology and has set strict rules on production.

In fact, tests show that the life of the 21-inch color TV sets China produced averages 20,000 hours, with some as high as 30,000 or even 40,000 hours, much more than the international requirement of 15,000 hours, which has contributed to the growth of the medium- and small-sized color TV's gaining 90 percent of the domestic market.

Large screen color TV sets (above 25-inch), which are a new product of the industry, are also a favorite of many consumers, at home and abroad, as the country's color TV industry increases its drive in world market. At

present, the combined output of the top 10 manufacturers accounts for 61 percent of the country's total production of color TV sets.

To further boost the development of the color TV industry, the vice-minister said, China will pay greater attention to expanding its annual output to somewhere between 18 million and 20 million sets during the 9th Five-Year-Plan period (1996-2000).

Research on liquid crystal TV sets, high definition TV sets and other new products will be undertaken and digital and multimedia technologies to increase variety and function of TV sets will be considered, the vice-minister said, adding that exports will be boosted.

Daily Reports Steady Rise in Consumer Goods

*OW2112034394 Beijing XINHUA in English 0322
GMT 21 Dec 94*

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—China's consumer goods market will be booming next year, with a total retail value expected to go up 24 percent from this year's figure, the "CHINA TOWNSHIP ENTERPRISES DAILY" reported.

According to the newspaper, the forecast is based on an expected 10 percent increase in the Gross Domestic Product (GDP) next year, which the country is easily able to achieve, assuming a steady increase generally.

China's total retail value is 1.56 trillion yuan this year, an increase of 27.5 percent over last year, or an increase of 6.25 percent when inflation is taken into consideration.

Experts expect that the country's retail goods value will total 1.93 trillion yuan next year, an increase of 10.7 percent over this year, after figuring for inflation.

The newspaper said that next year food sales will top one trillion yuan and account for 55.8 percent of the expected consumer goods value, a 23.5 percent increase from this year. The supply of some kinds of food during certain periods may fall short of demand, however.

Clothing sales will rise to 294 billion yuan, accounting for 15.2 percent of the consumer goods value, up 25.6 percent over this year.

However, according to the newspaper, consumer goods will not see as great an increase in the sale of daily-use articles next year as this year's 34 percent.

Next year will witness both popularity and unmarketability in the case of daily-use articles, because of the fact that some may not meet consumers' demands.

Rural consumers will continue to emphasize low prices and durability when choosing goods, while urban consumers will buy more air conditioners, cameras, sound equipment, and personal computers as well as interior decoration items.

Sales of such goods next year will amount to 561 billion yuan and will account for 29 percent of consumer goods, up 24 percent from this year, according to the newspaper.

China To Produce 1.45 Million Automobiles in '95

OW2012132094 Beijing XINHUA in English 0945
GMT 20 Dec 94

[FBIS Transcribed Text] Beijing, December 20 (XINHUA)—China plans to produce 1.45 million automobiles next year, 430,000 of them to be sedans.

The plan was released at a recent national auto market information conference. Representatives of the country's automotive industry believe that in 1995 China's auto market will continue its path of slow recovery, with market demand having discernible increases compared with this year. The estimated figure for next year's actual demand is some 1.45 to 1.65 million.

An official from the Automotive Department of the Ministry of Machinebuilding Industry said that China's auto output this year is expected to reach 1.37 million, exceeding the target of 1.35 million set earlier this year. However, the industry has come up against a slow market this year and sales are only at 96 percent, with many manufacturers suffering from an oversupply.

Experts from related businesses believe that compared with the slow growth of the industry this year, greater opportunities are foreseen in 1995 along with a favorable outcome.

Along with the increase in production, however, when combined with this year's surplus of some 200,000 automobiles as well as imported ones, overall supply will still exceed demand in the auto market next year, according to the experts.

Ministry Official: Coal Output Up 3% This Year

OW2012144994 Beijing XINHUA in English 1415
GMT 20 Dec 94

[FBIS Transcribed Text] Beijing, December 20 (XINHUA)—China's coal output from January to November this year amounted to 1.025 billion tons, pushing this year's total to an expected 1.182 billion tons.

This means a three-percent increase over last year despite sluggish demand on the domestic market, said an official of the Ministry of the Coal Industry today.

He said the major state-run coal mines are making the biggest strides in production, with gross output totalling 489 million tons, a 6.75 percent hike compared with last year; local state-run mines are expected to increase their yield by 2.16 percent to 208 million tons.

However, he said, township mines will stabilize their coal output at 489 million tons, roughly the same level as last year.

He attributed this to the rectification campaign launched by the government early this year in an effort to curb illegal mining and ensure the safety conditions of township mines.

Figures released by the ministry show the construction of 12 new mines is to be completed by the end of this year, producing an additional yearly production capacity of 14.79 million tons.

More than 7 billion yuan has been spent on 21 mining ventures listed as major construction projects.

The ministry said that the output of the mines on average this year averages 1.55 tons per worker, up from the 10 percent of last year's 1.4 tons per worker; in high-yield and high-efficiency mines, this figure reaches six tons per worker.

It also said the coal stockpiles in the mines across the country decreased by nearly 1.5 million tons, thanks to the strategy of pegging output to market demand and capacity of transportation.

Daily Says Fabrics Market To Be Strong in '95

OW2112085194 Beijing XINHUA in English 0845
GMT 21 Dec 94

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—China's fabrics market will be strong in 1995, with a near balance between supply and demand, according to today's "ECONOMIC INFORMATION."

The paper said that fabrics demand was estimated at 18.7 billion meters in 1994, with six billion meters for export.

Fabrics production was expected to total just 18.7 billion meters, matching the demand, it said.

It predicted that demand and supply will rise at roughly the same rate next year.

But yarn supply will exceed demand next year, it said.

China's yarn production is expected to total 4.9 million tons in 1994, 550,000 tons more than demand, and to rise to 4.95 million tons in 1995.

To achieve a balance between yarn supply and demand, it is necessary to reduce the number of spindles, provide relevant information to yarn mills, upgrade equipment and improve yarn quality, it said.

Jiang Chunyun Urges Emphasis on Afforestation

OW2012170594 Beijing XINHUA in English 1645
GMT 20 Dec 94

[FBIS Transcribed Text] Beijing, December 20 (XINHUA)—A top Chinese official urged all local forestry officials to put more stresses on afforestation, saying it is of vital importance to the protection of grain production.

Jiang Chunyun, member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), said at a national working conference on forestry today that all local officials should make utmost efforts so that China's forestry may be improved to a considerable degree by the year 2000.

"Afforestation in the coming six years, to a large degree, will be of vital importance to the resistance of various natural disasters, the protection of water conservancy projects and to the increase of grain to another 50 billion kilograms," he said.

The central government has reiterated the importance of agriculture, which also includes forestry, he said.

He urged local forestry officials to quicken their steps of afforestation and grow more high-quality forests.

Beijing Takes Steps To Prevent Soil Erosion

HK2012130094 Beijing CHINA DAILY in English 20 Dec 94 p 3

[By Liang Chao: "State Gets Serious About Soil Erosion"]

[FBIS Transcribed Text] China, which has one of the most serious soil-erosion problems in the world, has brought 30,000 square kilometres of the country's severely eroded land under control this year.

And more than 333,000 hectares of low-yield farmland areas have been built by terracing mountain slopes in areas where land is being improved, an official with the Ministry of Water Resources told China Daily yesterday.

The newly improved land could increase next year's yield by some 370 million kilograms, supplying enough food for a million locals who have lived in poverty for decades, the official said.

This means that the government's erosion-control targets for this year have been met, said Guo Tingfu, director of the ministry's newly established Department of Erosion-Control.

A total of 3.67 million square kilometres of land, covering some 38 per cent of China's territory, has been affected by soil, wind or water erosion, the latest official survey indicates.

Policy Guo attributed the bulk of the successful work to the government policy financing erosion-control projects in poverty-stricken areas where worsening erosion has become a major obstacle to the development of the local economy.

Due to this success, the government has decided to intensify the State financed erosion-control programme next year, said Guo.

This year, the State has spent some 500 million yuan (\$59 million) subsidizing locally administered programmes.

However, Guo is worried that price increases may make it tough to duplicate this year's success on the same budget.

Next year, Guo said, at least 30,000 square kilometres of eroded land has to be brought under control, and some 400,000 hectares of low-yield mountain land needs to be terraced.

Guo estimated that the government will need to increase the special funds earmarked for next year's erosion-control projects by 15 to 20 per cent.

The current policy encouraging farm households to contract to improve specific areas of wasteland over time would be continued, Guo said.

Under this policy, reclaimed land can be passed on for improvements to future generations for 50 years or longer.

Furthermore, the State would allow more farmers to buy wasteland through auction. After improving their plots, they would be eligible to keep them in the family for 30 to 50 years.

This new practice, initiated earlier this year in the northeastern and northwestern provinces, has helped the State sell more than 933,330 hectares of wasteland in 14 provinces, raising 360 million yuan (\$42 million) in special funds for new erosion-control projects and related regional economic development programmes.

China To Invest More in Irrigation Facilities

OW2112120594 Beijing XINHUA in English 0858 GMT 21 Dec 94

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—China will invest a record 16 billion yuan in constructing irrigation facilities this winter and coming spring, Shanghai-based BUSINESS NEWS reported.

The local newspaper noted that China suffered direct economic losses amounting to 160 billion Yuan this year due to natural disasters caused by worn-out or lacking irrigation facilities.

Construction of irrigation facilities will be combined with the development of high-yield efficient agriculture and a regional economic growth with focus on remote and poor mountainous areas and ecological improvement, the paper noted. Locales will be encouraged to apply the share-holding cooperative system in the construction.

According to the plan, 8.5 billion cubic meters of earth and stonework are expected to be removed, 1.067 million hectares of irrigated areas built, 800,000 hectares of mud cleaned away, and 13,000 square kilometers of eroded areas brought under control.

Altogether, 12 million people and seven million domestic animals in areas short of water resources will be able to drink clean fresh water following completion of the irrigation facilities.

In addition, 53 large old reservoirs will be reinforced and small hydroelectric power stations with a combined capacity of 1.5 million kilowatts built.

Farmland Reportedly Falls Below 'Warning Line'

HK2112083694 Hong Kong SOUTH CHINA
MORNING POST in English 21 Dec 94 p 9

[By Cheung Po-ling]

[FBIS Excerpt] China, alarmed at the loss of scarce arable land, now below the official danger mark, has called for an increase of 20 million hectares this winter.

Sources close to the Ministry of Agriculture said yesterday farmland had fallen below 1.65 billion hectares—the "warning line" set by the Government.

There are now 1.62 billion hectares of farmland, a relatively small amount for the growing 1.2 billion population.

The drop in arable land coincided with claims that grain harvests this year will be on a par with the record 45.64 million tonnes last year despite poor weather.

It is crucial for China to keep the quantity of farmland above the warning line because the Government wants to avoid becoming dependent on imports to feed the people.

In a recent circular issued by the Ministry of Agriculture, regional governments were instructed to increase farmland this winter by 20 million hectares.

While agriculture is threatened by the lack of farmland, more than 100 million hectares in the south have been left uncultivated this winter, according to the circular.

"Our foremost task is to ensure more land would be used for cultivation and proper preparations are made for the winter sowing," it said.

It also urged farmers to improve the fragile base of agriculture by "accumulating fertiliser, preserving good seedlings and boosting care for their fields."

Rapid economic development, urbanisation and non-farming development have resulted in arable land decreasing by millions of hectares per year.

The Government has announced it wants to decrease by about 75 per cent the amount of farmland converted to non-farm use each year by the end of the century.

In 1992, 413,400 hectares of farmland were lost, being used, among other things, for houses, office blocks and factories. [passage omitted]

East Region

Jiangsu Province Completes Floating Dock

OW1812090394 Beijing XINHUA in English 0845
GMT 18 Dec 94

[FBIS Transcribed Text] Nanjing, December 18 (XINHUA)—China has reconstructed an used oil tanker into a 257-m dock, believed to be the longest in the country.

The shipyard, located in Jiangyin City in Southeast China's Jiangsu Province, went into operation today.

The floating dock, 52 meters wide and 18.5 meters deep, can serve the repairing of 100,000-dwt vessels.

The Chengxi Shipbuilding Factory spent 18 months turning a 260,000-dwt oil tanker into the huge dock, which is equipped with an advanced automatic control system.

A floating operation only takes 100 to 120 minutes and eight persons under the automatic control conditions.

The rebuilding project saved 30 million yuan (3.5 million U.S. dollars) compared with putting up a new one. It also shortened the construction period by nearly one year.

The dock, plus two smaller ones, will make the Chengxi Factory the largest ship repairing enterprise in China.

Shanghai Establishes First Electronic Publishing House

OW2112011894 Beijing XINHUA in English 0045
GMT 21 Dec 94

[FBIS Transcribed Text] Shanghai, December 21 (XINHUA)—China's first specialized electronic publishing house has been set up here.

The Shanghai Electronic Publishing Company, jointly funded by 11 local publishers, will mainly produce, publish and sell "electronic books" carried on CD-ROM. The computerized publications will include encyclopedias, fine art works, children's books and various other educational materials.

Compared with traditional ones, "electronic books" contain much more information and combine characters, sound, image, moving pictures and visual function in one compact disc. Besides, they are more durable than traditional books and easier to consult.

Shanghai Computerizes Railway Information System

OW2112085594 Beijing XINHUA in English 0813
GMT 21 Dec 94

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—The Shanghai Railway Administration has taken the lead in China to complete computerization in its railway information system.

For a long time, messages were transmitted by telegrams between stations.

The administration sponsored the project in 1984, involving a total investment of over 100 million yuan.

The 5,700 km railway lines under its jurisdiction had been covered a computerized network by the end of last year, which stepped up railway modernization. [sentence as received]

'Abundant Harvest' Ensures Shanghai Food Supply

HK2112111594 Beijing ZHONGGUO XINWEN SHE
in English 0932 GMT 21 Dec 94

[FBIS Transcribed Text] Shanghai, December 21 (CNS)—Abundant harvest has been achieved in Shanghai in grain, vegetable and non-staple food, which is closely related with the livelihood of Shanghai residents. According to estimate, total output value in Shanghai suburbs this year can reach as high as RMB [Renminbi] 43.5 billion, a rise of 20 percent over last year.

Grain production in Shanghai this year remains stable, and the total output has reached 2.1 billion kilograms. Average per mu yield has reached 515 kilograms in an area of 3.2 million mu for cultivation of late paddy, hitting a new high. This year, over 50,000 mu farmland have been turned into vegetable plots in Shanghai suburbs. Total amount of vegetable on market from January to December this year has reached 940,000 tonnes and the quantity on market of pigs, poultry, eggs and aquatic products has increased to a relatively greater extent.

In the three years to come, Shanghai's agriculture will develop in the direction of industrialization and gradually forms a new modern agricultural structure focusing on large scale, advanced facility, science and technology and efficiency.

Zhejiang Cracks Down on Economic Crimes

OW2112044094 Hangzhou ZHEJIANG RIBAO in
Chinese 2 Dec 94 p 1

[By correspondents Wang Xianan (3769 2009 1344) and Hu Jian (5170 6943): "Zhejiang Sternly Punishes Serious Economic Criminals"]

[FBIS Translated Text] Courts at all levels in our province have sternly punished criminal elements convicted of serious economic offenses. This has deepened the anti-corruption struggle.

According to statistics, the number of cases of embezzlement, bribery, and misappropriation of public funds accepted by the courts between January and October was 1.3 times higher than that in the same period of last year, while the number of these three types of economic crimes handled and concluded at the first instance had doubled during the same period. Five hundred and forty nine people committed crimes involving more than

10,000 yuan, and 55 of them committed crimes worth more than 100,000 yuan. Crimes committed by the 55 convicts had the following characteristics: First, the amount of money involved was large. The total amount of money involved in all 55 cases came to 31.74 million yuan. Some of this money was already squandered by the criminals, causing huge losses to the state. The largest sum of money embezzled was by Yu Jinzhong, a cashier at the Quzhou Coal Mine General Machinery Plant, who embezzled 520,000 yuan. The largest bribe received was by Ye Yueshu, director of the Qingtian County Supply and Marketing Cooperative, who took bribes totaling 135,000 yuan. The highest figure in misappropriation of public funds was 10 million yuan, committed by Shi Qianwei, head of the financial department of the Ningbo Tobacco Plant. Second, many of the convicts received heavy punishment. Of the 55 criminals, 34 or 61.8 percent were sentenced to prison terms of more than 15 years, life imprisonment, or death. Third, most crimes were committed by functional departments which play an important role in the market economy, and by units handling hot economic issues. Of the 55 convicts, 11 were from banking departments.

People's courts at all levels in the province have taken a clear-cut stand, adopted firm measures, and had clear guidelines in cracking down on economic criminals according to the law. They promptly and heavily punished criminals convicted of serious economic offenses, particularly criminals who were extremely harmful to society and who aroused strong indignation among the people. They meted out severe punishment due to the convicts, up to death sentence. They were never irresolute when firmness was needed. At the same time, they paid special attention to the facts, evidence, and the provisions of law to ensure that every case was handled in a way that could stand the test of history. The provincial higher people's court asked people's courts at all levels to earnestly sum up their experience, persevere in their efforts, and take the initiative to push the struggle against economic crimes to a new stage and a new level.

Central-South Region

Guangdong Province To Adopt Price Controls

HK2112102294 Beijing ZHONGGUO XINWEN SHE
in English 0827 GMT 21 Dec 94

[FBIS Transcribed Text] Guangzhou, December 21 (CNS)—At the Price Control Supervision Committee Meeting held here, the Vice-Governor of Guangdong Province, Mr. Liu Weimin disclosed that the margin of overall price increase in the Province will be within 13 percent next year.

The increase is calculated, says Mr. Liu, on basis of last year's increase (18.2 percent) which is a big increase, so very strict price control measures must be adopted. He

says that in the first half of the coming year, all cities and towns in the Province are not allowed to raise prices.

To stop prices from rising too quickly, the provincial Government will take the following steps:

- To implement a price control system in which municipal governments are given the responsibility to regulate the general price index. Every month, the provincial price control department will publish a report of the price index of 21 cities or towns and their ability to hold the prices will be viewed as an assessment of their performance.

- To strengthen price control. Municipal governments will exercise direct supervision on certain industries where monopoly, compulsion and protection exist as well as public welfare products and the service industries. Especially, the prices of food products, petroleum, chemical fertilizers, electricity, Chinese and Western medicine which are essential commodities in daily living, will be strictly controlled and monitored. All commodities will be labeled with price tags to eliminate overcharging.

- To regulate firmly prices of the "food basket" and "rice bags". Large wholesale markets for agricultural products will be set up in various large and medium cities. To set up a ceiling for profit of middleman and to make public the retail prices of certain food items including meat, eggs, cooking oil and vegetables.

- To expedite establishment of a price regulation fund which can be used once market prices fluctuate and of a commodity reserve system. All cities and towns will establish a price regulation fund and to set up a reserve system of important items such as rice, cooking oil, sugar, vegetables, meat and eggs.

- In addition, the provincial price control department will take greater efforts to facilitate price control in order to avoid chain effects caused by price adjustment; to keep the prices of agricultural production means stable so as to lessen the burden of the farmers; and to expedite legislation process of the price control laws.

Guangdong To Build Homes for Flood Victims

HK2012130194 Beijing CHINA DAILY in English 20
Dec 94 p 3

[By Zheng Caixiong: "New homes for flood victims"]

[FBIS Transcribed Text] Guangzhou—More than 350,000 people will move into new homes before the Lunar New Year on January 31.

More than 83,000 families were made homeless by a summer flood in this Southern China province of Guangdong.

The provincial government has urged all appropriate departments in the province to guarantee the construction funds needed to rebuild the homes.

Construction of hospitals, schools, kindergartens and homes for poor and old people will be given priority in land use, material supplies and bank loans, said a provincial government official.

"The victims of the natural calamity must have a happy Spring Festival," the official said at a work conference on disaster relief.

Guangdong needs more than 1.2 billion yuan (\$145 million) to reconstruct homes, the official said.

More than 86 million yuan (more than \$10 million) donated by compatriots in Hong Kong, Macao and from overseas Chinese have been distributed to the flood-affected areas of Shaoguan, Zhaoqing, Qingyuan, Yangjiang, Zhanjiang, Maoming and Yunfu.

Guangzhou State Enterprise Market Opens

HK2112084194 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 21 Dec 94 p 5

[By Christine Chan in Guangzhou]

[FBIS Transcribed Text] A property rights market for the transfer of ownership of state enterprises was officially opened in Guangzhou yesterday, even though a national ban has been imposed on the sale of state companies.

Deputy city mayor Wu Liang said the Guangzhou Property Rights Trading Centre would give priority to the merger and acquisition of enterprises, followed by collectives and private enterprises. They could be sold totally or in part.

It is understood that Beijing is cautious about the transfer of property rights in state enterprises, fearing improper handling.

Unified rules governing such transfers have yet to be issued.

However, Mr Wu said the market had been approved by the relevant authorities, including the Guangzhou branch of the People's Bank of China.

It is not known whether Beijing's approval is needed for the set-up.

Mr Wu said the property rights market would help activate enterprise reform and enliven the stubborn state sector.

"The market will be an ideal place to carry out the restructuring of enterprises, which is part of the enterprise reform slated for next year," he said.

"With liberalisation of reform programmes, property rights transfer has become imperative," he said.

About 30 members have signed up with the property rights market, which has 200 seats for trading.

Land Development in Guangxi Affects Food Supply

HK2112053894 Beijing ZHONGGUO XINWEN SHE in English 0831 GMT 20 Dec 94

[FBIS Transcribed Text] Nanning, December 20 (CNS)—Walking from the south towards the north in the Guangxi Zhuang Autonomous Region, one can see patches of fenced areas posted with the notice of "Developing Area" but they are left unattended because there is insufficient capital for development. According to the local government, such "developing areas" have taken over much of the arable land and are becoming a threat to Guangxi, which is unable to become self-sufficient in food supply.

In 1992, when the tide of exploration of land for development was at the climax, there were 242 developing areas, under whatever titles, allocated in Guangxi, occupying some 600,000 mu of farm land. After the macro economic adjustment was introduced, more areas were allocated but they were never really developed.

Government statistics reveal that back in 1954, the average farm land each man possessed was about two mu. Forty years later, the ratio has gone down to less than one mu. It is estimated that the ratio will further go down by twenty percent or more in the next five or six years.

At the same time, many farmers, because of low income, are not concentrating on farming activities and some even quit farming. In recent years, Guangxi has experienced a yearly increase of 600,000 in its population and it is faced with a serious problem of inadequate food supply.

Earlier this year, Guangxi was badly hit by the most disastrous flood in the century and it experienced a food shortage of 2.5 billion kilograms. Even during normal years, Guangxi would still require the import of 0.4 billion kilograms of food from other places.

Recently, a meeting to discuss land utility was held. At the meeting, it was discussed that Guangxi should take further control measures to protect its farm land. From next year, the area of non-agricultural land will be limited to 150,000 mu; and the area of land for residential purpose limited to 70,000 mu to ensure an area of 2.55 million mu for farming purposes.

In addition, the possibility of exploration of seven million mu of land in the mountains to increase arable farm land and food production was also discussed.

Hong Kong Affairs Advisers Arrive in Hainan

HK2012130294 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 16 Dec 94

[FBIS Translated Text] At the invitation of the State Council's Hong Kong and Macao Affairs Office and the

XINHUA Hong Kong Branch, Hong Kong affairs advisers and Hong Kong members of the Preliminary Working Committee [PWC] for the Preparatory Committee of the Hong Kong Special Administrative Region and their families and assistants, totalling 88 people, arrived in Haikou from Hong Kong by plane on the morning of 16 December.

Zhou Nan, director of the XINHUA Hong Kong Branch, and Qin Wenjun and Ulanmulun, deputy directors of the XINHUA Hong Kong Branch, also arrived in Haikou City with the delegation. Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, Chen Ziyang, deputy director of the Hong Kong and Macao Affairs Office, who arrived in Haikou earlier, and Liu Xuebin, standing committee member of the Hainan Provincial CPC Committee and special assistant to the provincial governor, met the Hong Kong guests at the airport.

The Hong Kong guests will attend certain meetings and will also visit Hainan.

Hainan Provincial Governor Ruan Chongwu gave a luncheon banquet at a restaurant in Haikou's International Commercial Building in honor of the visiting Hong Kong affairs advisers and Hong Kong PWC members. Lu Ping, Zhou Nan, and Hainan provincial and Haikou city officials attended the banquet.

At the banquet, Ruan Chongwu expressed a warm welcome to the Hong Kong affairs advisers and the Hong Kong members of the PWC. He said: Since Hainan Province and the large special economic zone were set up in 1988, great progress has been made. Infrastructure construction, manufacturing, and the tourist industry have become robust. In the past six years since the founding of the province, with the support of the central authorities and various provinces, Hainan has made achievements in economic development. In the process of development, Hainan also gained assistance from Hong Kong, which made a great deal of investment in Hainan. Exchanges in other fields between Hainan and Hong Kong have also increased substantially. Ruan Chongwu hoped that further development would be made in economic and other exchanges between Hainan and Hong Kong.

The Hong Kong affairs advisers and Hong Kong members of the PWC left Haikou for Sanya by special buses on the afternoon of 16 December.

Hunan Court Orders Reward Payments to Informers

HK2012122594 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 11 Dec 94

[FBIS Translated Text] On 1 December, the Hengyang City Intermediate People's Court issued a circular deciding to give ample rewards to those who have made contributions in informing on violations of laws and discipline by court police personnel.

For some time in the past, in the procuratorial and judicial sectors, a small number of police personnel have either failed to enforce the law, have not enforced the law strictly, or handled cases on the basis of human relationships and sensibilities, and, lured by the pursuit of money, they have even knowingly violated the law. To strengthen the building of the contingent of court police personnel and make sure that laws are strictly enforced, the party group of the court made a decision on giving ample rewards to those who have made contributions in informing on violations of laws and discipline by court police personnel. A reward of 2,000 yuan or 1,000 yuan will be offered separately to informers whose submissions on offenses committed by court police personnel are well grounded and the facts cited in their submissions are considered by the procuratorial organs to form a crime by those who are informed against or those who are informed against are given disciplinary sanction by recording serious mistakes. A reward of 200 yuan will be offered to informers whose submissions are true and lead to the imposition of disciplinary sanctions on those who are informed against by recording a less serious mistake. If informers are court police personnel and their submissions are true and the facts cited in their submissions are considered to form a crime by those who are informed against or those who are informed against are given disciplinary sanction by recording a serious mistake or more severe punishments, they will be cited for outstanding meritorious service or meritorious service in addition to the rewards mentioned above.

New Lead-Zinc Deposits Found in Hunan Province

OW2112084294 Beijing XINHUA in English 0828 GMT 21 Dec 94

[FBIS Transcribed Text] Beijing, December 21 (XINHUA)—China has discovered a new lead-zinc deposit associated with silver in Chenxian county, Hunan province, the "CHINA GEOLOGY AND MINERAL RESOURCES NEWS" reported.

According to the newspaper, the deposit is believed to contain reserves of 531,700 tons of lead and zinc and 743.8 tons of silver.

The average grade of the deposit is 5.08 percent lead, 2.97 percent zinc and 112.8 grams of silver per ton.

Additional reserves of 520,000 tons of lead and zinc are expected to lie in areas around and below the present mining area.

The site of the deposit lies not far from the famous Shizhuyuan multi-mineral ore deposit.

The Xiangnan (Southern Hunan) Geological Prospecting Institute undertook the discovery process.

Southwest Region

Sichuan Livestock Sector an 'Independent Industry'

OW2012024494 Beijing XINHUA in English 0158
GMT 20 Dec 94

[FBIS Transcribed Text] Chengdu, December 20 (XINHUA)—Southwest China's Sichuan province has decided to develop livestock into an independent industry to meet the urban demand of more meat, eggs and milk.

Sichuan accounts for one-eighth of the livestock products and one-fifth of the pigs in China, leading the country in stock raising and meat production.

An industrial system involving forage, food processing, fur and leather processing, research, storage, transportation and breeding has been constructed.

In the next few years Sichuan will focus on cultivating forage- saving herbivorous domestic animals. Ten million yuan will be invested in breeding oxen and sheep in 40 counties in the mountainous regions.

In 1995 some ten percent of the meat consumed in the province will be contributed by cows and sheep, and 15 percent by poultry and rabbits. Better dairy and bee products will also be produced.

The packaging, preservative and refrigeration industries have been strengthened to utilize and process livestock products more comprehensively, and to enhance the products' competitiveness on the world market.

Meanwhile, Sichuan is striving to introduce foreign investment into the livestock industry, which has received loans of 27 million U.S. dollars from the International Agricultural Development Foundation and the World Bank.

The province plans to borrow more capital from the two organizations, Germany, Canada and other countries to set up some foreign-oriented enterprise groups in the livestock field.

Leaders Attend Ngari CPC Committee Secretary's Funeral

OW2112122194 Lhasa Tibet Television Network in Mandarin 1200 GMT 13 Dec 94

[Announcer-read report over video; from the "Regional News Hookup" program]

[FBIS Translated Text] A ceremony for relatives and friends of Comrade Kong Fansen, secretary of the Ngari Prefectural CPC Committee [NPCPCC], chairman of the Ngari Prefectural Committee of the Chinese People's Political Consultative Conference [CPPCC], and first secretary of the Ngari Prefectural Military Subdistrict

[NPMSD], to pay their last respects was held at the Urumqi City Funeral Parlor, Xinjiang, on the morning of 9 December.

The regional and provincial party committees, people's congress standing committees, people's governments, CPPCC committees, and military districts in Tibet, Shandong, and Xinjiang; the party committees, administrative offices, and city people's government of the city of Lhasa and the prefectures of Ngari and Xigaze in Tibet; the Administrative Office of the Liaocheng Prefecture, Shandong; and the Cadres [words indistinct] Bureau of the CPC Central Committee's Organization Department sent wreaths to the ceremony.

Vice Chairman Liang Gongqing of the Tibet Autonomous Regional People's Government [TARPG], Secretary General (Li Liguao) of the Tibet Autonomous Regional Party Committee [TARPC], and TARPC Organization Department Deputy Director (Zhang Yongfa), who were entrusted by the TARPC and the TARPG to make a special trip to Xinjiang to take care of Comrade Kong Fansen's funeral, together with NPCPCC Deputy Secretary and Ngari Prefectural Administrative Office Commissioner (Dawa Ciren), NPMSD Commander (Liu Yuntong), Ngari Prefectural CPPCC Committee Vice Chairman (Bu Deng), Deputy Director (Lian Shouchang) of Shandong Provincial Party Committee's Organization Department, Deputy Commissioner (Fu Zhanqiang) of Shandong's Liaocheng Prefectural Administrative Office, and other comrades participated in the ceremony for paying last respects to the remains of Kong Fansen.

Wang Lequan, acting secretary of the Xinjiang Uygur Autonomous Regional Party Committee [XUARPC]; XUARPC Deputy Secretary Keyum Bawudun; Fu Bingyao, commander of the Xinjiang Military District; and some good friends of the deceased also participated in the ceremony.

The TARPC and the TARPG attached great importance to Comrade Kong Fansen's passing away in the line of duty. On the day of his passing away, they decided to send specially assigned persons to Xinjiang to make arrangements for his funeral. Afterwards, principal leading comrades of the TARPC and the TARPG made several phone calls to inquire about the situation and give direction for the work.

The XUARPC, the Xinjiang Uygur Autonomous Regional People's Government, the Shandong Provincial Party Committee, the Shandong Provincial Government, and Xinjiang's relevant departments gave vigorous support and assistance to the arrangements for Comrade Kong Fansen's funeral.

According to the will of the bereaved family, the ashes of Comrade Kong Fansen's remains will be separately placed in Tibet and Shandong after cremation.

Northeast Region

Heilongjiang Secretary Speaks on Education

SK2112074994 Harbin HEILONGJIANG RIBAO in
Chinese 8 Dec 94 p 3

[Speech by Yue Qifeng, secretary of the Heilongjiang Provincial CPC Committee, delivered at the provincial education work conference on 6 December: "Place Education in a Strategic Position for Development on a Priority Basis and Promote Faster Economic and Social Development Throughout Heilongjiang"]

[FBIS Translated Text] Comrades:

At this conference, we implemented the guidelines of the national education work conference and the third (enlarged) plenary session of the seventh provincial party committee. On behalf of the provincial party committee and government, Comrade Fengshan made overall arrangements for Heilongjiang's educational reform and development. We also discussed the "opinions of Heilongjiang Province on implementing the 'outline of China's educational reform and development'" and introduced the advanced experiences in education. All localities and departments should conscientiously carry out the guidelines of Comrade Fengshan's speech and the opinions on implementation, promote Heilongjiang's education to a new height, and then bring about faster and better economic and social development in the province. In the following, I will speak on some opinions on further placing education in a strategic position for development on a priority basis.

1. Make Sure Education is Placed in a Strategic Position for Development on a Priority Basis

The party Central Committee and Comrade Deng Xiaoping have always attached importance to education and, in the process of building socialism with Chinese characteristics, have always regarded education as a fundamental issue concerning the overall situation of the modernization drive and the future and destiny of socialism. Comrade Deng Xiaoping has repeatedly emphasized that "in the socialist modernization drive, the development of education as well as science and technology is above everything else." In his report to the 14th party congress, Comrade Jiang Zemin also clearly pointed out that "we should place education in a strategic position for development on a priority basis and should strive to upgrade the ideological, moral, scientific, and cultural levels of the entire nation, which is a fundamental principle for realizing China's modernization." The third (enlarged) plenary session of the seventh provincial party committee held not long ago further defined the overall ideas, strategic priorities, work principles, and ensuring measures for Heilongjiang's economic development. It urged people throughout the province, in their practice of reform, opening up, and economic construction, to adhere to the principle of developing the province with science and education; to

continuously deepen the reform of the scientific and technological system and the educational system; to greatly develop science and technology as well as education; to accelerate the integration of science and technology, education, and the economy; and to truly bring economic construction to the track of relying on scientific and technological progress and improving the quality of laborers. This is not only an important guiding principle for economic construction, but also an overall demand on Heilongjiang's education work. Therefore, the major tasks of Heilongjiang's education for some time to come are to take the theory of building socialism with Chinese characteristics as the guidance, to conscientiously implement the guidelines of the national education work conference and the third (enlarged) plenary session of the seventh provincial party committee, to adhere to the principle of making education serve the modernization drive, to accelerate educational development in the entire society, to comprehensively upgrade the level and quality of education, to strive to open up a new situation in education, and to provide good personnel and intellectual support to the endeavors of pioneering the second battlefield of economic development and attaining, on schedule, the strategic objective of quadrupling GNP and achieving a moderately prosperous life. To fulfill these tasks, we should enhance the understanding of the strategic position of education, which should be developed on a priority basis.

First, we should better understand that economic development depends on education. After the founding of the country, especially after reform and opening up started, Heilongjiang has won great achievements in economic and social development, improved people's living standard accordingly, and made important contributions to the state. Compared with other areas, however, Heilongjiang's economic development is evidently falling behind, and its ranking is continuously declining in the country. The most fundamental reason lies in mind emancipation. The unitary planned economy, unitary ownership structure, unitary revenue source, and unitary work ideas have not been adjusted in a timely and effective manner; no great changes have taken place in the product mix composed chiefly of resources, raw materials, and roughly processed goods and in the industrial structure emphasizing heavy industry; and we are still taking the road of high input, low output, and extensive operational activities. An important issue concerning this is the lack of intensive processing of resources, the lack of personnel who meet the needs of the market economy, and the poor quality of laborers. Whether we can accelerate the reprocessing and intensive processing of resources, whether we can speed up the opening of the "second battlefield" of economic development, and whether we can attain, on schedule, the grand objective of quadrupling GNP and achieving a moderately prosperous life are determined by if we can accelerate scientific and technological progress and speed up exploitation of manpower resources. We can

see from this that the fundamental and long-term principle for rejuvenating Heilongjiang's economy is to promote education, expedite personnel training, and improve the scientific and cultural quality of laborers more quickly.

Second, we should further upgrade the understanding on deeply developing and fostering the resources of talented personnel. Heilongjiang is abundant in the resources of talented personnel and the province as a whole has 1.55 million full-time technical personnel. The province's proportion of employed population ranks the province fourth in the country and it is only next to the municipalities of Beijing, Shanghai, and Tianjin in this regard. However, the job distributions and specialized vocational structure have not been rational enough. The medium-level and senior full-time technical personnel of various categories are mainly working in the large plants; universities; and large institutions, institutes, and organs. Over 80 percent of them are concentrated in large state-owned units. Of these personnel, many of them have taken the job that has not been studied by them in the schools because of the restriction imposed on by the traditional systems. In addition to failing to create the conditions for making the best possible use of every personnel, young and promising talented personnel have not been put to use. Thus, the phenomena of joblessness and waste of talented personnel have been quite serious. It may be said that among the waste in various fields, the talented personnel one is the largest. There are a large number of talented personnel who have flown into the "southeast provinces" of China and a large amount of scientific and technological results have been applied by the provinces in the south on the one hand, as well as there are many specialized talented personnel who have been left unused in the educational institutions and are encountering difficulties in directly plunging into the "second battlefield" of economic development on the other hand. Enterprises generally have the problems of an extensive operation and backward management. Specialized talented personnel suitable to the demands of the market economy, to business operation and sale, to financial and accounting affairs, and to legal affairs, are especially short. The broad masses of peasants throughout the province are used to or familiar with grain production and seal-off business operation. They are short of the skills of engaging in industrial production and business activities as well as fall short in following the market economy. It can thus be seen that it is imperative to accelerate the pace of educational reform and development to bring into full play the important role of the existing specialized technical talented personnel in upgrading the level of scientific management among enterprises and in developing the diversified economy and township enterprises in rural areas. A pressing matter of the moment to be determined is to improve the educational systems of science and technology and to relax the restriction or to enliven management over scientific research units, higher educational institutions, and scientific and technological

talented personnel so as to better develop or foster the resources of talented personnel and to effectively utilize resources.

Third, we should further upgrade the understanding regarding education as a tremendous and practical productive force. The current competition joined in by various countries in the world with their actual economic strength that mainly includes their comprehensive national strength represents the contention for science and technology as well as for talented personnel. Actually, it represents the contention for education. The up-to-date education has not purely been the undertakings of the super structure and social public welfare but represents a foundation of accelerating scientific and technological progress and a practical productive force to directly promote economic development. The province has successively scored the three grain output of 30, 40, and 50 billion jin. The combination among agriculture, science, and education has made an important contribution to the results. It can thus be seen that we should not only deeply understand that education is playing a decisive role in economic and social development in the future and that resolute efforts should be made to regard the preferential development of education as a long-term strategic task; but also should note that the scientific and technological education is playing a tremendous promoting role in developing the economy and that a success in education and a close combination between education and the economy should be regarded as an important driving force to accelerate economic development.

Fourth, we should further upgrade the understanding that the key to giving preferential development to education lies on leadership. The level of understanding harbored by party committees and party and government leading comrades at all levels for educational reform and development and the dynamics given by leadership to this regard are playing a crucial role in implementing the strategy on the preferential development of education. We must firmly bear in our minds the province's reality and earnestly study and master the strategic idea of Comrade Deng Xiaoping with regard to giving preferential development to education. In correctly handling the relation between economic and educational development and in defining the acceleration of economic development, education should start off before others. We should correctly deal with the relation between material and intelligence input and define the principle of having the results of intelligence input surpass those of material one. We should also correctly deal with the relation between immediate and long-term interests and define the principle of regarding education as a foundation in formulating a project of vital and lasting importance. Thus, we should regard education as a work relating to the overall situation, put it into the main work agenda, have it covered in the system of responsibility for assigned targets, timely study and solve the major problems cropping up in the course of reform

and development, support and strengthen the leadership over the educational work, and greatly promote the development of education.

2. Readjust the Educational Development Strategy in Line With the Overall Thinking of Economic Development.

Making education cater to the economic construction and serve the economic development is the basic principle governing the educational work that we should persist in. At present, our province's modernization is just in the key period of system reform and structural readjustment. The general idea of economic development in this period is as follows: At the time of never ignoring the "first battlefield" of economic development, such as agriculture and state-owned enterprises, we should positively pioneer the "second battlefield" of economic development and vigorously cultivate new economic growth points. By the end of this century, we should preliminarily set up the socialist market economic system and realize the strategic goals of quadrupling the 1980 GNP and becoming fairly well-off. This general idea is the general principles governing the work of the province in the foreseeable future. Education must focus on and serve this general idea. Implementing this general idea is a process of taking scientific and technological progress as a guide, redeveloping and intensively developing natural resources, and optimizing structures. Therefore, the educational front should bring into play its advantages of having a galaxy of talents and make contributions to accelerating the pace of developing products, pioneering markets, and transforming scientific research findings. Implementing this general idea is a process of ceaselessly pioneering the production and management spheres and vigorously cultivating new economic growth points. Thus, we are required to not only strengthen basic education but also accelerate the pace of cultivating various categories of talented persons to meet the urgent need of pioneering the second battlefield. Implementing this general idea is a process of readjusting the ownership structure, transforming the managerial mechanism, and comprehensively deepening reform. Thus, we are required to further reform the education system and the operational mechanism to make the educational system suitable to the reform of the economic system. Implementing this general idea is a process of harmoniously developing the economy and society and making the material civilization and the spiritual civilization promote each other. Thus, the educational front should offer not only intellectual support but also spiritual motivation to promote the economic construction. So, the educational front must bring into play its special functions for conducting the ideological and political education so as to further promote the province as a whole to emancipate the mind, renew ideas, and promote the formation of a civilized, healthy social practice.

A. We should define educational development priorities in line with the needs for talented persons in economic

development. Positively pioneering the second battlefield of economic development and accelerating the pace of cultivating new economic growth points sets new higher demands for cultivating talented persons. We should cultivate not only a large number of primary and secondary specialized technicians but also a group of specialists in basic sciences and engineering technology who occupy a leading position. We should not only upgrade various categories of enterprise producers' basic techniques but also cultivate a grand modern entrepreneur contingent. We should not only cultivate technical personnel for the forefront of industrial and agricultural production but also cultivate a large number of specialists in social public utilities and service undertakings. We should not only cultivate the cadres with the knowledge of production and management abilities but also cultivate mediator contingents who are good at market management, market sales, and transformation of scientific and technological findings. Therefore, we must continue to develop basic education, vigorously develop vocational and technical education, steadily develop higher education, positively develop adult education, and readjust and improve the teacher-training education. Elementary education is the fundamental project to improve the quality of laborers. Aiming to make the nine-year compulsory education virtually universal by the end of this century, while achieving success in the ordinary education in general knowledge, we should exert great efforts to change the "examination-oriented education" into "quality-oriented education" and emphasize the improvement of the overall quality of educated people and the development of their characters and strong points. Vocational and technical education is an important way to improve the quality of laborers. While continuing to make a success of the existing vocational and technical schools, we should fully stimulate the enthusiasm of enterprises, institutions, and various circles of society and encourage all quarters to develop schools cooperatively, and should strive to expand the scale and pioneer new fields of vocational education. Higher education and specialized secondary education are responsible for training high- and middle-level specialized personnel and developing science and technology. In compliance with the needs of reform, opening up, and economic construction, we should change the large number, small scale, unitary discipline, and poor efficiency of Heilongjiang's schools of higher learning; adjust the levels of regular and special courses and restructure disciplines to meet the demand for steady development through improvement of management; properly reduce over-developed disciplines; establish those urgently needed in economic construction; and, in particular, expand the training of specialized personnel necessary for developing high-yield, good-quality, and high-efficiency agriculture, township enterprises, tertiary industry, intensive processing industry, high- and new-tech industries, and export-oriented economy. Adult education is a new educational system for turning the traditional education into modern education. While making a success of the regular school

education continuously, we should follow the principle of integrating education with applicability, conducting education according to needs, and emphasizing actual results to greatly develop education in elementary applicable technology for rural young and middle-aged people and the on-the-job training for staff members and workers. We should also emphasize employees' updating of knowledge. Teachers' training is the foundation for the entire educational development. Based on the actual needs of educational reform and development, we should restructure the setup of disciplines, bring enrollment under control, upgrade the quality of teaching, and then ensure the continuous improvement of the quality of teachers. Through the above-mentioned efforts, we should bring the education level of all people up to eight years or more by the end of this century and increase the number of specialized personnel to a level basically compatible with the needs of Heilongjiang's modernization drive; we should establish an initial scale of education corresponding with economic and social development; and we should attain state standards in teaching conditions and educational quality and establish a socialist educational system that is characterized by a rational structure and layout and coordinated development of the education of all categories and at all levels, that reflects Heilongjiang's characteristics, and that serves the 21st century.

B. Based on the principle of combining education with production labor, we should encourage education units and teaching personnel to directly enter the major battlefield of economic construction. Abundant in trained personnel, education units should create a social practice of respecting knowledge and respecting trained personnel by reforming their managerial systems and formulating relaxed policies so that they can give full play to the role of the existing educational foundation and the existing specialized personnel. We should support schools of all categories to organize teaching and scientific research personnel to actively participate in the opening up of the second battlefield of economic development by developing school-run trades of various ownerships. We should encourage the institutes of higher learning where conditions permit to establish high- and new-tech parks, to develop high- and new-tech industries, and to speed up the process of turning scientific research achievements into real productive forces. Schools of various categories, especially colleges, universities, and specialized secondary schools, should also adhere to the principle of "holding fast to one end while leaving the whole field open," improve their personnel administration, and guide and mobilize their surplus teaching and scientific research personnel and teaching assistants to go outside the schools to directly participate in economic construction by leading and establishing nongovernmental scientific and technological enterprises, township enterprises, and neighborhood enterprises and by providing technical consultation, technology transfer, and other paid services. To organize school-run industries, we should follow the path of low

input, high output, and rapid accumulation. Persistently in line with the principle of development on a snowballing basis, we should pay attention to bringing into play the advantages of talented persons and technologies and develop, according to our capability, some high-tech projects which can greatly promote the upgrading of industrial products. To organize school-run industries, we should adopt new mechanisms; embody the principles of collecting capital by ourselves, voluntarily organize, exercise independent management, and assume sole responsibility for profits or deficits; carry out separation of schools from garden zones and enterprises run by schools; and render the school-run enterprises into legal entities steered by the market economy.

C. We should deepen the reform of the educational system according to the requirements of setting up the socialist market economic system. Our province is among those provinces that were the first to enter and the last to abandon the planned economic front. Traditional systems have prominently affected educational work. Thus, according to the basic national situation in the initial stage of socialism as well as the requirements of the "outlines" and the national educational work conference, we should proceed from our province's educational work realities to expand the dynamics of reforming the educational system. In regard to the system of school administration, we should change the situation in which the governments take on everything in running schools and carry out the new system in which schools are run predominantly by the governments with the participation of various social circles so as to greatly expand the scale of cultivating talented persons. In regard to the management system, we should change the situation in which rights are excessively concentrated and barriers between various departments exist; and carry out the new system of management at various levels and cooperation between various fronts according to the unified arrangements of the governments so as to upgrade the utilization rate of the educational resources and the efficiency of education. In regard to the school running forms, we should change the situation of running schools in a closed manner and serving the entrance of schools of a higher grade; persist in the principle of running schools in an open way to cater to the needs of modernization, the world, and the future; and vigorously cultivate various categories of talented persons to satisfy the urgent needs of the economic construction and long-term development. To deepen the reform of the educational system, we should persist in the socialist orientation which is conducive to the cultivation and training of new persons with ideals, morality, education, and a sense of discipline. We must respect the objective law governing the development of education as well as the special features of educational work so as to cultivate more increasingly talented persons. We must persist in the principle of making education serve economic construction so as to promote the close combination of science and technology and education with the economy.

3. Mobilize the Forces of the Whole Society To First Support the Development of Education.

Our province has a good foundation for educational work. Our province is among the advanced of the whole country regarding aspects of popularizing the nine-year compulsory education and eliminating the illiterate. The pace of standardizing the construction of primary and middle schools and secondary teachers training schools has been accelerated. Achievements in adding branches of learning and reforming the enrollment system are noticeable. The overall rural educational reform and schools' moral educational work, particularly Jiamusi city's "five-focus" practice among schools of various categories, has produced a certain impact in the whole country. This results from the diligent efforts made by the educational departments at various levels as well as the broad masses of the educational workers, the attention by the party committees at various levels, and the support of various social circles. However, our province is also confronted with many prominent problems and difficulties in educational development. For instance, problems with schools being small in size and unreasonable in structure are considerably prominent. The problems due to the insufficient input to education and the backward infrastructures are considerably serious. The problems of being behind in paying teachers' wages have yet to be fundamentally solved. Problems with the teacher's contingent being unstable and with the decline in the overall quality of teachers generally exist. To implement the strategy of first developing education, we must be determined to solve these problems and difficulties. On the one hand, we should mobilize all social forces to support the acceleration of the educational development; on the other hand, the educational front itself should pay attention to educational reform. For this reason, we should further implement the various policies facilitating the close coordination of science, technology, and education with the economy and should make educational development more vigorous. In credit policies, we should treat school-run enterprises, particularly nongovernmental scientific and technological enterprises, in the same way as we treat those of other ownerships; and in tax policies, we should apply the give-before-take principle to the various types of enterprises established by schools for the purpose of improving their teaching conditions and accelerating the transformation of scientific and technological findings, and levy taxes from them in an appropriate manner so as to cultivate revenue resources. We should further increase the investment in education and gradually improve the infrastructural facilities for education. We should ensure the continuous growth in the investment made through the major channel of financial allocation, increase the proportion of education funds by rationally restructuring the expenditure, and truly meet the demand for "three increases" as set in the "outline." Meanwhile, we should raise education funds from various channels and actively encourage institutions, social groups, and individual citizens to raise funds or donate

money to support education. Teachers' material benefits should be improved so that their enthusiasm and creativity can be boosted. All localities and departments should implement to the letter all the policy measures of the state and the province for improving teachers' material benefits. All quarters in the province must have a firm grip on the key to accelerating economic development and increase the investment of the state and the province in education by developing the economy, increasing the revenue, and improving the strained financial resources. Meanwhile, through funds collected by units and individuals and the preferential policies granted by relevant departments, we should speed up school housing construction, strive to improve the housing conditions of teachers, make teachers' working and living conditions still better, and adhere to the system to generously reward the teaching and scientific research personnel who have made outstanding contributions. We should step up establishment of necessary laws for education and create a legal environment favorable to accelerating educational development. In the practice of educational reform and development, we should conscientiously enforce the existing laws and regulations on education and persistently manage education and schools according to law. We should step up formulation of local laws and regulations favorable to educational development to counter the new situations and new issues emerging under the condition of the socialist market economy and make timely revisions of the inappropriate parts of the existing laws and regulations. We should actively explore the law-enforcement supervision system designed to establish and improve the local educational administration, perfect the law-enforcement procedures, include the "compulsory education law" and the "teachers law" as important parts in the laws to be publicized to all the people, carry out multi-channel and multiform propaganda and education activities to make sure that everyone knows and abides by laws, and strive to create a good practice of respecting teachers and attaching importance to education in the entire society.

Comrades, the period from now to the end of this century is a crucial period for Heilongjiang's economic and social development. The provincial party committee hopes that education departments at all levels and the vast number of education workers will further enhance their awareness of their social responsibility and mission; fully perform their subjective initiative; and, firmly focusing on economic construction, which is the central task, and on implementing the general ideas for economic development put forward by the provincial party committee, carry forward the Daqing spirit, the "iron man" spirit, and the spirit of the Great Northern Wilderness, deepen educational reform, expedite educational development, and successfully provide a personnel guarantee and intellectual reserves for accelerating the provincewide reform, opening up, and economic construction for achieving the 300-percent increase and moderately-comfortable life on schedule.

The provincial party committee is convinced that a brand-new situation of great educational development will be created as long as party committees and governments at all levels conscientiously attach importance to education, and as long as the entire society supports education and truly implements the strategy of developing education on a priority basis.

Northwest Region

Gansu CPC Secretary Relays Central Instructions

HK2012030494 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 13 Dec 94

[FBIS Translated Text] In the provincial government auditorium yesterday, the provincial party committee held a meeting for party-member leading cadres at the prefectural and departmental levels to relay the instructions of the central economic work meeting. Yan Haiwang, secretary of the provincial party committee, chaired and addressed the meeting.

In his speech, Yan Haiwang analyzed the province's economic situation, pointed out the existing problems and difficulties, and arranged the current and next year's economic work. Deputy secretaries of the provincial party committee, including Sun Ying, Yang Zhenjie, Zhao Zhihong, and Li Hulin, attended the meeting. Also present at the meeting were: Party and government principal leading comrades of 14 prefectures and cities throughout the province; party-member leading cadres at the prefectural and departmental levels; and comrades in charge of large and medium-sized state enterprises.

Project Helps Poor Return to School in Gansu

OW2012032194 Beijing XINHUA in English 0248 GMT 20 Dec 94

[FBIS Transcribed Text] Lanzhou, December 20 (XINHUA)—Thirty-eight thousand poor children in northwest China's Gansu Province have gone back to school thanks to the efforts made by "Project Hope".

So far, 21 "Hope Schools" have been built in 58 counties in the province. By the end of this year, the province received promises from the China Youth Development Foundation and donations from Project Hope 1.7 million yuan.

Meanwhile, direct donations for the schools from people in various walks of life in the province have reached 29.2 million yuan.

The province has had relatively lower economic growth in the countryside and many school-aged children in poor rural areas have had to leave school because of a lack of money.

Gansu's Lanzhou Fulfills Grain Purchase Target

HK201223294 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 11 Dec 94

[FBIS Translated Text] By 9 December, Lanzhou City had purchased over 14 million kg of grain from peasants,

accounting for 104 percent of the annual grain purchase target. Thus, this year's grain purchase task was overfulfilled.

In spring this year, the weather was dry and rainfall was insufficient, but between June and August some areas were afflicted by such natural disasters as hail and floods. The bad weather caused great difficulties for the grain purchase work. In facing the stern situation, Li Hulin, deputy secretary of the provincial CPC committee, went to discover actual conditions at the grass-roots level. He required Lanzhou City to overcome difficulties and try by all possible means to fulfill the grain purchase task.

Local governments at various levels in Lanzhou City assigned responsibilities to all individual cadres for every grain purchase link. Banks and financial departments also cooperated closely and guaranteed that no IOU's would be issued to peasants. At the same time, the grain administration strictly carried out the policy of fixing prices according to the quality of the goods and made great effort to offer good services.

Qinghai Governor on Guidelines for Economic Work

HK2012030694 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 14 Dec 94

[FBIS Translated Excerpt] When addressing the Third Plenary Session of the Eighth Provincial CPC Committee yesterday, Tian Chengping, deputy secretary of the provincial party committee and governor, pointed out: The guidelines for 1995 economic work are: adhering to Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, seizing the opportunity to deepen reform, widen the scope of opening up, and stimulate development, focusing on economic construction, improving economic results, fulfilling all the targets set by the Eighth Five-Year Plan, and laying a solid foundation for fulfilling the second-phase strategic objective.

Tian Chengping relayed the instructions of the central economic work meeting and made a basic appraisal of the province's economic work this year, saying: Since the beginning of this year, all levels of party committees and governments have correctly handled the relations between reform, development, and stability; the establishment of the socialist market economic structure has speeded up; the scope of opening up to the world has widened, thus bringing about sustained, rapid, and healthy economic development; nationality solidarity has strengthened; politics and society have remained stable; and the people have lived and worked in contentment.

According to a forecast, this year the province's GNP will increase by 8 percent over last year. The economies of rural and pastoral areas have developed comprehensively; a good agricultural harvest has been reaped

despite serious drought and floods; total grain and oil output will exceed last year's; animal husbandry has seen a good harvest; industrial production has steadily increased, with an estimated growth rate of 10 percent this year; resource exploitation has speeded up; key construction projects have proceeded smoothly; urban and rural markets are thriving; the money market has operated steadily; reform has speeded up; the scope of opening up has further widened; the experiment in establishing a modern enterprise system has proceeded smoothly; and the transformation of enterprises' operational mechanism has speeded up.

On Qinghai's economic work this year, Tian Chengping said: [words indistinct] Third, the problem of fund shortages is comparatively conspicuous. [words indistinct] This year is the last year of the Eighth Five-Year Plan. To fulfill all economic tasks next year, we must improve basic facilities construction for agriculture and animal husbandry, develop commodity economy in rural and pastoral areas, bring about technological progress, optimize the structure, improve efficiency, enliven commodity circulation, improve financial and monetary work, ease capital shortages, strictly control increases in the consumption fund, [words indistinct]. [passage omitted]

Qinghai Fulfills Tax Collection Tasks

HK2012122994 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 11 Dec 94

[FBIS Translated Text] The State Taxation Bureau and the local taxation bureau of Qinghai Province overfulfilled this year's tax collection plan 30 days ahead of schedule. By the end of November, industrial and commercial taxes collected in the whole province amounted to 1.15 billion yuan, accounting for 101.74 percent of the annual tax collection plan.

Since the beginning of this year, the State Taxation Bureau and the local tax bureau of this province sent work teams to factories, mines, and shops at various levels. Cadres went to guide the work of the grass-roots tax offices and participated in tax auditing work. This effectively controlled some enterprises' practice of defaulting on tax payments. Tax offices also assigned their staff to collect taxes from major enterprises by assigning tax collection targets to them. Through such intensive efforts, taxes paid by major enterprises increased substantially.

Students Overseas Return to Serve Xinjiang

OW2112022194 Beijing XINHUA in English 0145 GMT 21 Dec 94

[FBIS Transcribed Text] Urumqi, December 21 (XINHUA)—More and more ethnic minority students from

Northwest China's Xinjiang Uygur Autonomous Region, who were sent to study abroad, have returned to serve the region.

Hamurat, a member of the Uygur nationality now teaching at the Xinjiang College of Traditional Chinese Medicine, was sent to study in Russia in 1988 and got his doctorate in medicine there in 1993. Four months later, he returned to Xinjiang.

He now supervises three post-graduate students and is doing research in three state medical projects. Under his guidance, a Russian student studying for the doctor's degree has edited and translated some important medical works of ancient China.

He recently put into operation a research and treatment center for asthma in Urumqi, the regional capital, after working on it more than a year, with financial aid of 330,000 yuan (38,372 U.S. dollars) from the central and local governments.

The center's aim is to conduct research on asthma from new perspectives by making full use of the uniquely effective medical theories of the Uygur nationality, combined with western and traditional Chinese medicine, to alleviate the suffering of people with asthma, said Hamurat.

Hamurat is one of those who have returned to China after having completed a course of study in foreign countries and who have made considerable achievements in their work with extra financial help from the central and local governments.

According to local officials, returning overseas students in Xinjiang now number 1,300, with ethnic minority students making up a fairly large proportion. The region started to send students to study abroad in 1979 with a total of 16 students having gotten doctor's degrees, 11 being members of the ethnic minority.

Returning students of the ethnic minority in Xinjiang have received much care and full support from local governments. The regional government has earmarked a special fund for them to carry out scientific research to be matched by funds from the Central Government.

New Oil, Gas Field Discovered in Xinjiang

OW2112113694 Urumqi XINJIANG RIBAO in Chinese 3 Dec 94 p 1

[By correspondent Zhang Wenye (1728 2429 2814): "Rich Oil and Natural Gas Gushed From a Well in Yanqi Pendi for the First Time"]

[FBIS Translated Text] On 26 November, a test drilling was conducted at the Yancan No. 1 Well in the Yanqi Pendi and a high yield oil and gas deposit for industrial use was found. The well's daily output of crude oil is 104 cubic meters, and the daily output of natural gas is more than 50,000 cubic meters. This marks the addition of a new basin with oil and natural gas—Yanqi Pendi—following the Tarim Pendi and the Tuha Pendi.

The Yanqi Pendi is located in the middle of Tian Shan, with an area of 1.3 square kilometers. The Henan Oil Prospecting Bureau seized the opportunity of the China Petroleum and Natural Gas Corporation's opening new areas for prospecting, and obtained exclusive rights for risk prospecting. Since the beginning of exploration on 30 November of last year, the bureau achieved a major breakthrough in just one year's time, setting a high record in the history of oil prospecting.

According to an analysis from obtained data, the Yanqi Pendi's Mesozoic stratum covers an extensive area. Three favorable prospecting sites have been discovered so far. The Baolangsumu site, which is being drilled, has the characteristics of large area, high bump (long qi fu du gao 7127 6386 1607 1653 7559), good deposit structure, and good quality of crude oil. This shows good prospects for oil in the Yanqi Pendi.

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